This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 6, 2012

NEW ISSUE – BOOK-ENTRY ONLY

DAC Bond

RATINGS: Standard & Poor's: AA- (Stable Outlook)
Moody's: Aa3
Fitch: AA (Stable Outlook)

In the opinion of Bond Counsel, under current law and assuming the compliance with certain covenants by the City and the accuracy of certain representations and certifications made by certain City officials and other persons and entities described in "TAX MATTERS" herein, interest on the Series 2012 Bonds is (a) excludable from the gross income of the owners of the Series 2012 Bonds for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2012 Bonds must be included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes) under Section 56 of the Code.

Venice, FL
City on the Gulf

$19,690,000*
CITY OF VENICE, FLORIDA
UTILITY SYSTEM REVENUE BONDS, SERIES 2012

Dated: Date of Delivery **Due:** December 1, as shown on inside cover

The City of Venice, Florida (the "City") will issue its Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds") as fully registered bonds, without coupons, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases will be made in book-entry form only in denominations of $5,000 and any integral multiple thereof. Purchasers of the Series 2012 Bonds (the "Beneficial Owners") will not receive physical delivery of the Series 2012 Bonds. Transfer of ownership in the Series 2012 Bonds will be effected by DTC's book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. The principal and the premium, if any, on the Series 2012 Bonds will be payable upon presentation and surrender thereof at maturity or redemption at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., as Registrar and Paying Agent, or its successors. Interest on the Series 2012 Bonds is payable semi-annually June 1 and December 1 of each year commencing June 1, 2013 by check or draft mailed by the Paying Agent (or by wire transfer from the Paying Agent under certain circumstances) to the registered owner thereof at the address as shown on the registration books of the City.

Certain of the Series 2012 Bonds are subject to optional and mandatory redemption prior to maturity as set forth in this Official Statement.

The Series 2012 Bonds are being issued to (i) finance and/or reimburse the cost of design, permitting, acquisition, construction and reconstruction of water and sewer capital projects, (ii) fund the Reserve Account in an amount equal to the Reserve Requirement for the Series 2012 Bonds and (iii) pay costs of issuance of the Series 2012 Bonds.

The Series 2012 Bonds are being issued pursuant to Chapter 166, Part II, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), and pursuant to Resolution No. 2012-05 adopted by the City Council of the City (the "City Council") on May 22, 2012, as amended and supplemented from time to time, as particularly supplemented by Resolution No. 2012-15 adopted by the City Council on October 23, 2012, as supplemented by a resolution anticipated to be adopted by the City Council on December 11, 2012 (collectively, the "Resolution"). The Series 2012 Bonds are secured by a pledge of and are payable solely from the Net Revenues levied and collected by the City, and until applied in accordance with the Resolution, the moneys on deposit in the various funds and accounts created pursuant to the Resolution, except for the Rebate Fund and the income on investments in such funds and accounts (collectively, the "Pledged Revenues"). The lien of the Series 2012 Bonds on the Pledged Revenues is on parity with the lien thereon of the City's Utility System Refunding Revenue Note, Series 2012 currently outstanding in the principal amount of $7,520,000. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

THE SERIES 2012 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE CITY, OR OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF NOR THE CITY SHALL BE OBLIGATED (I) TO LEVY AD VALOREM TAXES ON ANY PROPERTY TO PAY THE PRINCIPAL OF THE SERIES 2012 BONDS, THE INTEREST THEREON, THE RESERVES THEREFOR OR OTHER COSTS INCIDENT THERETO, OR (II) TO PAY THE SAME FROM ANY OTHER FUNDS OF THE ISSUER EXCEPT FROM THE PLEDGED REVENUES, IN THE MANNER PROVIDED IN THE RESOLUTION. THE SERIES 2012 BONDS SHALL NOT CONSTITUTE A LIEN UPON THE SYSTEM OR ANY PART THEREOF, OR ON ANY OTHER PROPERTY OF THE CITY, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES IN THE MANNER PROVIDED IN THE RESOLUTION.

This cover page contains certain information for quick reference only. It is not a summary of the Series 2012 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2012 Bonds are offered when, as and if issued and received by the Underwriters, subject to the receipt of an opinion as to the validity of the Series 2012 Bonds and certain other matters by McGuireWoods LLP, Jacksonville, Florida, Bond Counsel. Certain legal matters incident to the issuance and delivery of the Series 2012 Bonds will be passed on for the City by its counsel, Hall & Anderson, Venice, Florida and Akerman Senterfitt, Orlando, Florida, Disclosure Counsel. Nabors, Giblin & Nickerson, P.A., Tampa, Florida is serving as Counsel to the Underwriters. Larson Consulting Services, LLC, Orlando, Florida is serving as Financial Advisor to the City. It is expected that the Series 2012 Bonds will be available for delivery to the Underwriters at the facilities of DTC in New York New York on or about December 20, 2012.

RBC Capital Markets **Raymond James | Morgan Keegan**

Dated: _____, 2012

* Preliminary, Subject to Change

$_____*
CITY OF VENICE, FLORIDA
UTILITY SYSTEM REVENUE BONDS, SERIES 2012

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND INITIAL CUSIP NUMBERS

Maturity (December 1)	Amount	Interest Rate	Price	Yield	Initial CUSIP Number*
	$	%	%	%	

$_____ ____% Term Bonds due December 1, ____ Price _____% Yield _____% Initial CUSIP No. _____*

$_____ ____% Term Bonds due December 1, ____ Price _____% Yield _____% Initial CUSIP No. _____*

$_____ ____% Term Bonds due December 1, ____ Price _____% Yield _____% Initial CUSIP No. _____*

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* Copyright, American Bank Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. and is included solely for the convenience of the readers of this Official Statement. The City is not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the City as to their correctness. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2012 Bonds if certain actions occur.

CITY OF VENICE, FLORIDA

CITY COUNCIL

John Holic, Mayor
Thomas "Kit" McKeon, Vice-Mayor
Jim Bennett, Councilmember
Emilio Carlesimo, Councilmember
Jeanette Gates, Councilmember
Bob Daniels, Councilmember
Dave Sherman, Councilmember

ADMINISTRATION

Edward F. Lavallee, MPA, City Manager
Hall & Anderson, City Attorney
Jeff Snyder, CPA, Director of Finance
Len Bramble, P.E., Director of Utilities Department
Lori Stelzer, MMC, City Clerk

BOND COUNSEL

McGuireWoods LLP
Jacksonville, Florida

FINANCIAL ADVISOR

Larson Consulting Services, LLC
Orlando, Florida

DISCLOSURE COUNSEL

Akerman Senterfitt
Orlando, Florida

FEASIBILITY CONSULTANT

Burton & Associates
St. Augustine, Florida

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations in connection with the Series 2012 Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, DTC, and other sources which are believed to be reliable. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe" and other similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The City specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except as otherwise expressly provided in "CONTINUING DISCLOSURE" herein.

Information on any internet addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor can any such information be relied upon in making investment decisions regarding the Bonds.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2012 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality, or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2012 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2012 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: www.MuniOS.com. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE CITY FOR PURPOSES OF RULE 15c2-12 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(B)(1).

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OFFICIAL STATEMENT
relating to

$19,690,000*
CITY OF VENICE, FLORIDA
UTILITY SYSTEM REVENUE BONDS,
SERIES 2012

INTRODUCTION

The purpose of this Official Statement, including the cover page and all appendices, is to set forth certain information in connection with the sale by the City of Venice, Florida (the "City") of its $19,690,000* aggregate principal amount of Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds").

The Series 2012 Bonds are being issued pursuant to Chapter 166, Part II, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), and pursuant to Resolution No. 2012-05 adopted by the City Council of the City (the "City Council") on May 22, 2012, as amended and supplemented from time to time, as particularly supplemented by Resolution No. 2012-15 adopted by the City Council on October 23, 2012, as supplemented by a resolution anticipated to be adopted by the City Council on December 11, 2012 (collectively, the "Resolution"). The Series 2012 Bonds are secured by a pledge of and are payable solely from the Net Revenues levied and collected by the City, and until applied in accordance with the Resolution, the moneys on deposit in the various funds and accounts created pursuant to the Resolution (except the Rebate Fund) and the income on investments in such funds and accounts (collectively, the "Pledged Revenues"). The lien of the Series 2012 Bonds on the Pledged Revenues is on parity with the lien thereon of the City's Utility System Refunding Revenue Note, Series 2012 (the "Parity Obligation") currently outstanding in the principal amount of $7,520,000. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

THE SERIES 2012 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE CITY, OR OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF NOR THE CITY SHALL BE OBLIGATED (I) TO LEVY AD VALOREM TAXES ON ANY PROPERTY TO PAY THE PRINCIPAL OF THE SERIES 2012 BONDS, THE INTEREST THEREON, THE RESERVES THEREFOR OR OTHER COSTS INCIDENT THERETO, OR (II) TO PAY THE SAME FROM ANY OTHER FUNDS OF THE ISSUER EXCEPT FROM THE PLEDGED REVENUES, IN THE MANNER PROVIDED IN THE RESOLUTION. THE SERIES 2012 BONDS SHALL NOT CONSTITUTE A LIEN UPON THE SYSTEM OR ANY PART THEREOF, OR ON ANY OTHER PROPERTY OF THE CITY, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES IN THE MANNER PROVIDED IN THE RESOLUTION.

The Series 2012 Bonds are being issued to (i) finance and/or reimburse the cost of design, permitting, acquisition, construction and reconstruction of water and sewer capital projects (see "THE 2012 PROJECT" herein), (ii) fund the Reserve Account in an amount equal to the Reserve Requirement for the Series 2012 Bonds and (iii) pay costs of issuance of the Series 2012 Bonds.

The Series 2012 Bonds are issuable only in the form of fully registered bonds, without coupons, in the principal amount of $5,000 or any integral multiples thereof. The interest on the Series 2012 Bonds is payable on June 1, 2013 and on each December 1 and June 1 thereafter until maturity or earlier redemption as more fully described herein. The Bank of New York Mellon Trust Company, N.A. is serving as Registrar and Paying Agent for the Series 2012 Bonds.

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*Preliminary, Subject to Change

Capitalized terms used but not defined herein have the same meanings as when used in the Resolution unless the context clearly indicates otherwise. Complete descriptions of the terms and conditions of the Series 2012 Bonds are set forth in the Resolution, a form of which is attached to this Official Statement as APPENDIX C. The description of the Series 2012 Bonds, the documents authorizing and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained, after payment of applicable copying and mailing costs, from the City of Venice, 401 West Venice Avenue, Venice, Florida 34285, Attention: Lori Stelzer, CMC, City Clerk.

THE 2012 PROJECT

The "2012 Project" consists of the design, permitting, acquisition, construction and reconstruction of water and sewer capital projects. Proceeds of the Series 2012 Bond in the approximate amount of $20.1 million will fund the 2012 Project which is expected to be constructed during Fiscal Years 2013 and 2014. The 2012 Project may include, but is not limited to, improvements to the Eastside Water Reclamation Facility, headworks odor control construction project, upgrades to a water treatment facility membrane and control system, construction of a reclaimed water storage facility and other improvements as detailed in Schedule 4 of Exhibit G hereto. During the 5 year forecast period detailed in Exhibit G hereto, the City expects to use $23.6 million of System Revenues, $4.5 million from the Renewal and Replacement Fund, $3.2 million from infrastructure sales surtax proceeds, $1.3 million from Capital Charges and $2.8 million of bond proceeds expected to be issued in Fiscal Year 2017 to pay for improvements to the System not included as part of the 2012 Project.

DESCRIPTION OF THE SERIES 2012 BONDS

General

Each Series 2012 Bond shall be issued in fully registered form in the denomination of $5,000 each, or integral multiples thereof, shall be dated, shall be numbered consecutively from R-1 upward, shall bear interest computed on the basis of a 360 day year of twelve 30 day months at the rates and shall mature on the dates and in the amounts shown on the inside cover page hereof.

The principal of and the interest and redemption premium, if any, on the Series 2012 Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Interest on the Series 2012 Bonds shall be paid by check or draft mailed to the Holders of such Bonds, at their addresses as they appear on the Bond register, at the close of business on the fifteenth (15th) day of the month (whether or not a business day) next preceding the interest payment date for the Series 2012 Bonds (the "Record Date"), irrespective of any transfer of the Series 2012 Bonds subsequent to such Record Date and prior to such interest payment date; except that the Registrar will, at the request of any Registered Owner of one million dollars or more in aggregate principal amount of Series 2012 Bonds, make payments of interest on such Bonds by wire transfer to the account designated by such Registered Owner to the Registrar in writing at least five days before the Record Date of such payments; provided, however, that if the City shall be in default in the payment of interest due on such interest payment date, such defaulted interest shall be payable to the Registered Owners at the close of business on a special record date for the payment of defaulted interest as established by notice mailed by the Registrar to the Holders of the Series 2012 bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Series 2012 Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of, premium, if any, or interest on the Series 2012 Bonds shall be a Saturday, Sunday, legal holiday or a day on which the banking institutions in the city where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday or a day on which such banking institutions are authorized or ordered to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2012 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2012 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2012 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2012 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2012 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2012 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2012 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2012 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2012 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2012 Bond certificate will be issued for each maturity of the Series 2012 Bonds as set forth in the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the paying agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the City, or the paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2012 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the City or paying agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2012 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2012 Bond certificates will be printed and delivered to DTC.

Optional Redemption

The Series 2012 Bonds maturing on or before December 1, _____, are not subject to redemption prior to their stated dates of maturity. The Series 2012 Bonds maturing on December 1, _____ and thereafter shall be subject to redemption prior to their stated dates of maturity at the option of the City, in whole or in part, on December 1, _____, or any date thereafter, in such order as shall be determined by the City and by lot within a maturity, at the

redemption price or 100% of the principal amount of the Series 2012 Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption

The Series 2012 Bonds maturing on December 1, ____ will be subject to mandatory redemption prior to maturity, by lot, in such manner as the Paying Agent may deem appropriate, at 100% of the principal amount of the Series 2012 Bonds so to be redeemed in the following Amortization Installments on December 1 in the years specified:

Year	Amortization Installments
*	$

*Maturity

The Series 2012 Bonds maturing on December 1, ____ will be subject to mandatory redemption prior to maturity, by lot, in such manner as the Paying Agent may deem appropriate, at 100% of the principal amount of the Series 2012 Bonds so to be redeemed in the following Amortization Installments on December 1 in the years specified:

Year	Amortization Installments
*	$

*Maturity

The Series 2012 Bonds maturing on December 1, ____ will be subject to mandatory redemption prior to maturity, by lot, in such manner as the Paying Agent may deem appropriate, at 100% of the principal amount of the Series 2012 Bonds so to be redeemed in the following Amortization Installments on December 1 in the years specified:

Year	Amortization Installments
*	$

*Maturity

Notice of Redemption

Notice of redemption for Series 2012 Bonds to be redeemed shall be mailed by the Registrar by first-class mail (postage prepaid) not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Series 2012 Bond to be redeemed in whole or in part at the address last shown on the registration books, at the close of business on the last business day of the month preceding the month for which notice is mailed. In the event of any redemption of Series 2012 Bonds at the option of the City, such notice shall be mailed in like manner to the applicable Municipal Insurer, if any, of such Series 2012 Bonds. Failure to give such notice by mailing to any Holder of Series 2012 Bonds, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Series 2012 Bonds.

In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of Bonds by mailing a notice of rescission to the affected registered owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Series 2012 Bonds, the Parity Obligation and any Additional Parity Obligations hereafter issued pursuant to the Resolution (collectively, the "Bonds") are secured by a pledge of and are payable solely from the Net Revenues, and until otherwise applied in accordance with the Resolution, the moneys on deposit in the funds and accounts created pursuant to the Resolution (except the Rebate Fund) and the income on investment thereof.

THE SERIES 2012 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE CITY, OR OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF NOR THE CITY SHALL BE OBLIGATED (I) TO LEVY AD VALOREM TAXES ON ANY PROPERTY TO PAY THE PRINCIPAL OF THE SERIES 2012 BONDS, THE INTEREST THEREON, THE RESERVES THEREFOR OR OTHER COSTS INCIDENT THERETO, OR (II) TO PAY THE SAME FROM ANY OTHER FUNDS OF THE ISSUER EXCEPT FROM THE PLEDGED REVENUES, IN THE MANNER PROVIDED IN THE RESOLUTION. THE SERIES 2012 BONDS SHALL NOT CONSTITUTE A LIEN UPON THE SYSTEM OR ANY PART THEREOF, OR ON ANY OTHER PROPERTY OF THE CITY, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES IN THE MANNER PROVIDED IN THE RESOLUTION.

Net Revenues consist of Gross Revenues less (i) cost of Cost of Operation and Maintenance and (ii) amounts required to be deposited in the Rebate Fund as provided in the Resolution.

Gross Revenues or **Revenues** consist of all moneys, received or receivable by the City or accruing to it in the operation of the System, from rates. fees, rentals or other charges for the services or facilities of the System, including periodic use or consumption charges, tapping charges and service connection charges, such sums as the City shall pay each year for each fire hydrant of the City using the services and facilities of the System and income derived from the investment of funds held under the Resolution (other than amounts on deposit in the Rebate Fund), all calculated in accordance with sound accounting practice. Gross Revenues do not include Special Connection Charges, Capital Charges or any amounts received by the City from state and Federal grants and grants in aid of construction, unless otherwise provided in the Resolution.

System or **Utility System** means the complete and combined water and sewer system now owned, operated and maintained by the City, together with improvements, extensions and additions thereto hereafter constructed or acquired by the City, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith, and including any undivided or partial ownership interests therein, as more fully described in the Resolution.

Special Connection Charges are amounts derived by the City from special connection charges, main extension fees or other charges, imposed to recover all or a portion of the cost of adding or extending water and sewer lines.

Capital Charges are amounts other than Gross Revenues or Special Connection Charges, derived by the City on or after the date of issuance of any Bonds and derived from impact fees or other fees or charges, including fees and charges received pursuant to Ordinance No. 981-83 (enacted by the City on January 11, 1983) of the City,

or any amendments or replacements thereof, for capital facilities constituting any portion of a Project and provided to satisfy Increased Capacity Requirements.

"**Increased Capacity Requirements**" means any increased demand upon or usage of the capital facilities of the System resulting from additional connections thereto, or from substantial changes to or in the use of properties connected thereto

Cost of Operation and Maintenance of the System means all current expenses, paid or accrued, for the operation, maintenance and repair of all facilities of the System, as calculated in accordance with sound accounting practice, and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the City related solely to the System, labor, cost of materials and supplies used for current operation, and charges for the accumulation of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice, but excluding any reserve for (i) renewals or replacements, (ii) extraordinary repairs, (iii) any allowance for depreciation or (iv) any costs of issuance incurred in connection with the issuance of Bonds hereunder or incurred in connection with the issuance of Subordinated Indebtedness.

Flow of Funds

Pursuant to the Resolution, the City is to deposit the entire Gross Revenues, except the income from investments, upon receipt to the Revenue Fund.

All funds at any time remaining on deposit in the Revenue Fund shall be disposed of on or before the fifteenth (15th) day of each month first to deposit to the Rebate Fund in an amount estimated to be sufficient to timely provide for any rebate amount required under the Resolution, and then only in the following manner and in the following order of priority:

(1) Revenues shall first be used to deposit in the "Operation and Maintenance Fund" such sums as, together with the money then on deposit therein, will be sufficient for the Cost of Operation and Maintenance for the next ensuing month.

(2) Revenues shall next be used for deposit into the Interest Account, such sums as will be sufficient to pay one-sixth (1/6) of all interest becoming due on each series of the Bonds on the next applicable semiannual interest payment date; provided, however, deposits into the Interest Account for the purpose of meeting interest payments for any series of Bonds shall be adjusted, as appropriate, to reflect the frequency of interest payment dates applicable to such series.

(3) Revenues shall next be used for deposit into the Principal Account, in any Bond Year in which a Serial Bond matures, such sums as will be sufficient to pay one-twelfth (1/12) of the principal maturing on Serial Bonds in such Bond Year; provided, however, deposits into the Principal Account for the purpose of meeting principal payments for any series of Bonds shall be adjusted, as appropriate, to reflect the frequency of principal payment dates applicable to such series.

(4) On a parity basis with the deposits under paragraph (3) above, Revenues shall next be used for deposit into the Bond Amortization Account in any Bond Year in which an Amortization Installment is due, such sums as will be sufficient to pay one-twelfth (1/12) of the Amortization Installment required to be made in such Bond Year. Such payments shall be credited to a separate special account for each series of Term Bonds Outstanding, and if there shall be more than one stated maturity for Term Bonds of a series, then into a separate special account in the Bond Amortization Account for each such separate maturity of Term Bonds. The funds and investments in each such separate account shall be pledged solely to the payment of principal of the Term Bonds of the series or maturity within a series for which it is established and shall not be available for payment, purchase or redemption of Term Bonds of any other series or within a series, or for transfer to any other account in the Sinking Fund to make up any deficiencies in required payments therein. Upon the sale of any series of Term Bonds, the Issuer shall by resolution, establish the amounts and maturities of such Amortization Installments for each series, and if

there shall be more than one maturity of Term Bonds within a series, the Amortization Installments for the Term Bonds of each maturity. In the event the moneys deposited for retirement of a maturity of Term Bonds are required to be invested, in the manner provided below, then the Amortization Installments may be stated in terms of either the principal amount of the investments to be purchased on, or the cumulative amounts of the principal amount of investments required to have been purchased by, the payment date of such Amortization Installment.

Moneys on deposit in each of the separate special accounts in the Bond Amortization Account shall be used for the open market purchase or the redemption of Term Bonds of the series or maturity of Term Bonds within a series for which such separate special account is established or may remain in said separate special account and be invested until the stated date of maturity of the Term Bonds. The resolution establishing the Amortization Installments for any series or maturity of Term Bonds may limit the use of moneys to any one or more of the uses set forth in the preceding sentence.

The required deposits to the Principal Account, Interest Account and Bond Amortization Account shall be adjusted in order to take into account the amount of money currently on deposit therein.

(5) (a) Revenues shall next be applied by the City to maintain in the Reserve Account a sum equal to the Reserve Requirement established for any series of Bonds, which sum shall initially be deposited therein from the proceeds of the sale of each series of the Bonds unless a Reserve Account Insurance Policy has been established therefore, or unless a different method of initial funding is specified for a particular series. The amount required to be on deposit in the Reserve Account shall be recomputed not less than annually, and any surplus may be transferred to the Revenue Fund. In the event any separate subaccounts have been created in the Reserve Account, the Revenues shall be applied *pro rata* to the Reserve Account and the subaccounts therein in proportion to the deficiencies (including outstanding Policy Costs) therein.

(b) Notwithstanding the foregoing, the City may, at any time, deposit a Reserve Account Insurance Policy with the Paying Agent. The amount available under such Reserve Account Insurance Policy shall be treated as a credit toward the amount required to be held on deposit in the Reserve Account pursuant to the terms of the Resolution. If the terms of any Reserve Account Insurance Policy provide that the moneys available thereunder for payment of principal and interest on the Bonds may only be applied to the particular series of Bonds for which such Reserve Account Insurance Policy was established, the City shall maintain a separate subaccount within the Reserve Account for such series of Bonds.

(c) Any withdrawals from the Reserve Account and the subaccounts, if any, therein which reduce the balance below the then applicable Reserve Requirement (including payment of Policy Costs in respect of any Reserve Account Insurance Policies) shall be subsequently restored within the next ensuing twelve months following such withdrawal from the first moneys available in the Revenue Fund after all required current payments for the Operation and Maintenance Fund and Sinking Fund (other than the Reserve Account) (including all deficiencies in prior payments to such funds) have been made in full.

(d) Moneys in the Reserve Account and any subaccounts, if any, therein shall be used only for the purpose of the payment of maturing principal of or interest on the applicable Bonds, or maturing Amortization Installments, if any, when the other moneys in the Sinking Fund are insufficient therefore, and for no other purpose except set forth herein. Payment of Policy Costs and reimbursement of amounts with respect to other credit facilities shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Account.

(e) The City may establish within the Reserve Account separate subaccounts for any series of Bonds for which a Reserve Requirement is established. The moneys and/or Reserve Account Insurance Policies on deposit in each subaccount shall be held and applied in the manner determined by the City, but solely for the payment of the principal or redemption of, or interest on such series of Bonds for which it is established and such series of Bonds shall have no claim upon or lien for payment from the other moneys and/or Reserve Account Insurance Policies in the Reserve Account. If a Reserve Account

has been established for one or more separate series of Bonds, and such series of Bonds is redeemed in whole and no Bonds of such series remain Outstanding, the amounts in such Reserve Account shall be applied in accordance with subsection (a) above.

(f) The City may, at its option, provide upon issuance of any series of Additional Parity Obligations that such Bonds shall not be secured by a Reserve Account. In this event such Bonds shall not be entitled to share in the Reserve Account for other series of Bonds, and the deposits into any separate subaccount in the Reserve Account which the City may elect to establish for such series of Additional Parity Obligations shall be made on the same basis as deposits would be made to their subaccounts of the Reserve Account.

(6) Upon the issuance of any Additional Parity Obligations under the terms, limitations and conditions as are provided in the Resolution the payments into the several accounts in the Sinking Fund shall be increased in such accounts as shall be necessary to make the payments for the principal of, interest on and reserves for such Additional Parity Obligations and, if Term Bonds are issues, the Amortization installments, on the same basis as provided in the Resolution.

The City shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money in the Sinking Fund is at least equal to the total Bond Service Requirement of the Bonds then Outstanding, plus the amount of redemption premium, if any, then due and thereafter to become due on such Bonds then Outstanding by operation of the Bond Amortization Account.

(7) The City shall next apply and deposit the moneys in the Revenue Fund into a special account known as the "Renewal and Replacement Fund." The City shall deposit into such Renewal and Replacement Fund an amount equal to one-twelfth (1/12) of five percent (5%) of the Gross Revenues for the immediately preceding Fiscal Year or such greater amount as may be determined and approved by the governing body of the City, provided that no deposit shall be required to be made so long as there is an amount in the Renewal and Replacement Fund equal to $1,000,000. The moneys in the Renewal and Replacement Fund shall be used only for the purpose of paying the cost of extensions, enlargements or additions to or the replacement of capital assets of the System and emergency repairs thereto. Such moneys on deposit in such fund shall also be used to supplement the Reserve Account if necessary in order to prevent a default in the payment of the principal or Amortization Installments of and interest on the Bonds.

(8) The City shall next apply the moneys in the Revenue Fund to pay any amount owed to the Municipal Insurers if not paid above.

(9) The City shall next apply and deposit the moneys in the Revenue Fund into the Subordinated Indebtedness Fund. The City shall deposit into the Subordinated Indebtedness Fund a monthly installment amount sufficient to accumulate adequate moneys to pay, when due, the payments in respect of Subordinated Indebtedness, including in particular the City's State Revolving Fund Indebtedness. The insufficiency of Net Revenues to make any such payments shall not constitute a default under the Resolution.

(10) The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used by the City for any lawful purpose.

Investments

Moneys on deposit in the Revenue Fund and the Sinking Fund (except the Reserve Account therein) may be invested and reinvested in the manner provided by law provided such investments either mature or are redeemable at not less than par at the option of the City not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund. The moneys in the Reserve Account in the Sinking Fund and in the Renewal and Replacement Fund may be invested and reinvested only in Authorized Investments, in the manner provided by law; provided that investments purchased with moneys in the Reserve Account shall have a term to maturity of not greater than seven (7) years. All income on such investments shall be deposited into the Revenue

Fund, except however that investment income earned in the Bond Amortization Account shall remain therein or be transferred to the Principal Account or the Interest Account and used to pay maturing principal, Amortization Installments and interest on the Bonds.

If any investment held in any fund or account under the Resolution shall cease to meet the criteria set forth in the definition of Authorized Investments and such investment, together with all other non-conforming investments under the Resolution exceeds ten percent (10%) of the aggregate funds invested thereunder, such investment shall be sold or liquidated unless otherwise approved in writing by each applicable Municipal Insurer, if any.

Authorized Investments (except investment agreements and United States Treasury Obligations, State and Local Government Series) in the funds and accounts under the Resolution shall be valued at the market value thereof, exclusive of accrued interest, by the City (1) as frequently as reasonably deemed necessary by the applicable Municipal Insurer, if any, but not less often than annually nor more often than monthly and (2) upon any draw upon the Reserve Account. Deficiencies in the amount on deposit in any fund or account held under the Resolution resulting from a decline in market value shall be restored within one year of the valuation date.

The City shall terminate any repurchase agreement investment upon a failure of the counterparty thereto to maintain the requisite collateral percentage after the restoration period and, if not paid by the counterparty in Federal funds against transfer of the repurchase securities, liquidate the collateral. The City shall give notice to any provider of a repurchase or investment agreement in accordance with the terms thereof so as to receive funds thereunder with no penalty or premium paid.

The City shall, upon actual knowledge of a default under a repurchase or investment agreement or the withdrawal or suspension of either of the ratings of a repurchase or investment agreement provider or a drop in the ratings thereon below "A" by any Rating Agency, so notify each applicable Municipal Insurer, if any, and, if so directed by such Municipal Insurer, shall demand further collateralization of the agreement or termination thereof and liquidation of the collateral.

Rate Covenant

Pursuant to the Resolution, the City has covenanted to fix, establish and maintain such rates and will collect such fees, rentals and other charges for the services and facilities of the System and revise the same from time to time whenever necessary, as will always provide Gross Revenues in each Fiscal Year sufficient to pay the Cost of Operation and Maintenance of the System in such Fiscal Year and all reserve and other payments required to be made pursuant to the Resolution, and will further be sufficient to provide an amount equal to one hundred and fifteen percent (115%) of the Bond Service Requirement becoming due in such year on all Outstanding Bonds.

The City has further covenanted and agrees that within ninety (90) days after adoption of the Annual Budget it, will annually revise such fees, rates, rentals and other charges for the use of the product, services and facilities of the System to the extent necessary for the estimated Gross Revenues to be derived from the operation of the System during the next succeeding Fiscal Year to increase so as to be sufficient to pay the estimated expenditures for operation and maintenance of the System during such next succeeding Fiscal Year and otherwise comply with all covenants in the Resolution.

If such annual review of the adequacy of the fees, rates, rentals and other charges indicates that the fees, rates, rentals and other charges are, or will he, insufficient to meet the requirements of the Resolution, the City shall (i) promptly take the necessary action to cure or avoid any such projected deficiency, (ii) diligently pursue the actions necessary to cure or avoid any such deficiency, (iii) not permit any expenditure for the operation and maintenance of the System in any Fiscal Year to be made in excess of the amount provided therefore in the applicable Annual Budget without a finding and recommendation by the duly authorized officer in charge thereof, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and the Governing Body of the City shall have approved such finding and recommendation or until the City has met the rate requirements of the Resolution, and (iv) retain a Consulting Engineer to promptly prepare a report or survey of the System, with respect to the management of the properties thereof, the sufficiency of the rates and charges for services, the proper maintenance of the properties of

the System, and the necessity for capital improvements and recommendations therefore. Such a report or survey shall also show any failure of the City to perform or comply with such covenants. The City covenants to immediately take such reasonable steps as are necessary to comply with such requirements and recommendations.

Project Fund

The City will create and establish a "Project Fund," into which a portion of the proceeds of the Series 2012 Bonds will be deposited. The monies in the Project Fund shall only be used for payment of the costs of the 2012 Project.

Reserve Account

The City will establish within the Reserve Account a separate subaccount for the Series 2012 Bonds (the "2012 Reserve"), which will be funded from bond proceeds at closing in an amount equal to the Reserve Requirement for the Series 2012 Bonds of $_____. The Reserve Requirement is defined to mean an amount, if any, established for a series of Bonds by resolution duly adopted by the issuer prior to the issuance of such series of Bonds; provided, however, that such Reserve Requirement shall not exceed as to any series of Bonds the lesser of (i) the Maximum Bond Service Requirement on all Bonds with respect to which such Maximum Bond Service Requirement is computed in the current or any subsequent Fiscal Year, (ii) one hundred twenty-five percent (125%) of the Average Bond Service Requirement on such series of Bonds, or (iii) ten percent (10%) of the proceeds of such series of Bonds, all within the meaning of Section 147 of the Code.

Additional Parity Obligations

The City has covenanted not to voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge nor issue any other obligations payable from the Gross Revenues of the System that have priority to or would be on a parity with the lien of the Parity Obligation and the Series 2012 Bonds and the interest thereon upon the Gross Revenues except in accordance with the conditions and in the manner provided in the Resolution. Any other obligations issued by the City in addition to the Series 2012 Bonds, the Parity Obligation or Additional Parity Obligations payable from the Pledged Revenues shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds, as to lien on and source and security for payment from the Gross Revenues.

Additional Parity Obligations, payable on a parity from the Pledged Revenues with the Series 2012 Bonds and the Parity Obligation, may be issued for the purposes of refunding a part of any Outstanding Bonds or financing the cost of extensions, additions and improvements to the System and in the manner set forth below.

(1) There shall have been obtained and filed with the City Clerk a certificate of a qualified and recognized firm of independent certified public accountants stating (a) that the books and records of the City relative to the System have been examined by such firm; (b) the amount of the Net Revenues derived for the Fiscal Year preceding the date of issuance of the proposed Additional Parity Obligations or for any 12 consecutive months during the 18 months immediately preceding the date of the issuance of the Additional Parity Obligations with respect to which such certificate is made, adjusted as herein below provided; (c) that the aggregate amount of such Net Revenues, as adjusted, for the period for which such Net Revenues are being certified is equal to not less than 125% of the Maximum Bond Service Requirement becoming due in any Fiscal Year thereafter in which any Bonds other than the series of Additional Parity Obligations with respect to which such certificate is made are scheduled to be Outstanding on (i) all Bonds then Outstanding, and (ii) on the Additional Parity Obligations with respect to which such certificate is made.

(2) Upon recommendation of the Consulting Engineers, the Net Revenues described in the previous paragraph may be adjusted for purposes of the issuance of Additional Parity Obligations by including: (a) 100% of the additional Net Revenues which in the opinion of the Consulting Engineer would have been derived by the City from rate increases adopted before the Additional Parity Obligations are issued, if such rate increases had been implemented before the commencement of the period for which such Net Revenues are being certified, and (b) 100% of the additional Net Revenues estimated by the Consulting Engineer to be derived during the first full twelve

month period after the facilities of the System are extended. enlarged. improved or added to with the proceeds of the Additional Parity Obligations with respect to which such certificate is made. The adjustments described in (2)(b) may only be made if the Net Revenues as adjusted under (2)(a) for the period for which such Net Revenues are being certified equals at least 1.00 times the Maximum Bond Service Requirement becoming due in any Fiscal Year thereafter on (i) all Bonds then Outstanding, and (ii) on the Additional Parity Obligations with respect to which such certificate is made.

(3) Each resolution authorizing the issuance of Additional Parity Obligations will recite that all of the covenants contained in the Resolution will be applicable to such Additional Parity Obligations.

(4) Immediately following the issuance of such Additional Parity Obligations (i) the City shall not be in default in performing any of the covenants and obligations assumed under the Resolution, and all payments required to have been made into the accounts and funds shall have been made to the full extent required and (ii) unless the applicable Municipal Insurer has otherwise agreed in writing, no Policy Costs shall be outstanding and unpaid.

(5) Notwithstanding the foregoing, the City may issue Additional Parity Obligations for the purpose of refunding any Outstanding Bonds without satisfying the requirements above, provided that upon issuance of such Additional Parity Obligations and the defeasance of the Bonds refunded by such Additional Parity Obligations the Bond Service Requirement is not increased in any year in which Bonds are Outstanding.

(6) As to any series of Bonds the payment of principal and interest on any which is guaranteed by a Municipal Insurer, the Municipal Insurer may consent to the issuance of Additional Parity Obligations upon terms not contemplated in the Resolution provided all Municipal Insurers of any Bonds consent thereto. Any such consent shall be deemed the consent of the Owners of such series of Bonds to the issuance of such Additional Parity Obligations.

Subordinated Indebtedness

Pursuant to the Resolution, the City may issue bonds, notes or other forms of indebtedness designated by the City in the resolution authorizing such as Subordinated Indebtedness payable from amounts on deposit in the Subordinated Indebtedness Fund. The City currently has outstanding Subordinated Indebtedness in the aggregate principal amount of $1,941,511.01 consisting of two (2) loans from the Florida Water Pollution Control Financing Corporation.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of the proceeds to be received from the sale of the Series 2012 Bonds.

Sources of Funds

Principal Amount of Series 2012 Bonds	$
Plus Net Original Issue Premium	
Total Sources of Funds	$

Uses of Funds

Deposit to 2012 Project Account	$
Deposit to Reserve Account	
Costs of Issuance [1]	
Total Uses	$

(1) Includes legal and financial advisory fees, feasibility consultant fees, bank fees, rating agency fees, printing costs and Underwriters' discount.

[Remainder of page intentionally left blank]

DEBT SERVICE SCHEDULE FOR SERIES 2012 BONDS AND PARITY OBLIGATIONS

Bond Year Ending December 1	Series 2012 Bonds			Parity Obligation Debt Service	Total Debt Service
	Principal	Interest	Total		
2013	$	$	$	$ 2,564,976	$
2014				2,566,952	
2015				2,558,589	
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
TOTAL	$	$	$	$ 7,690,517	$

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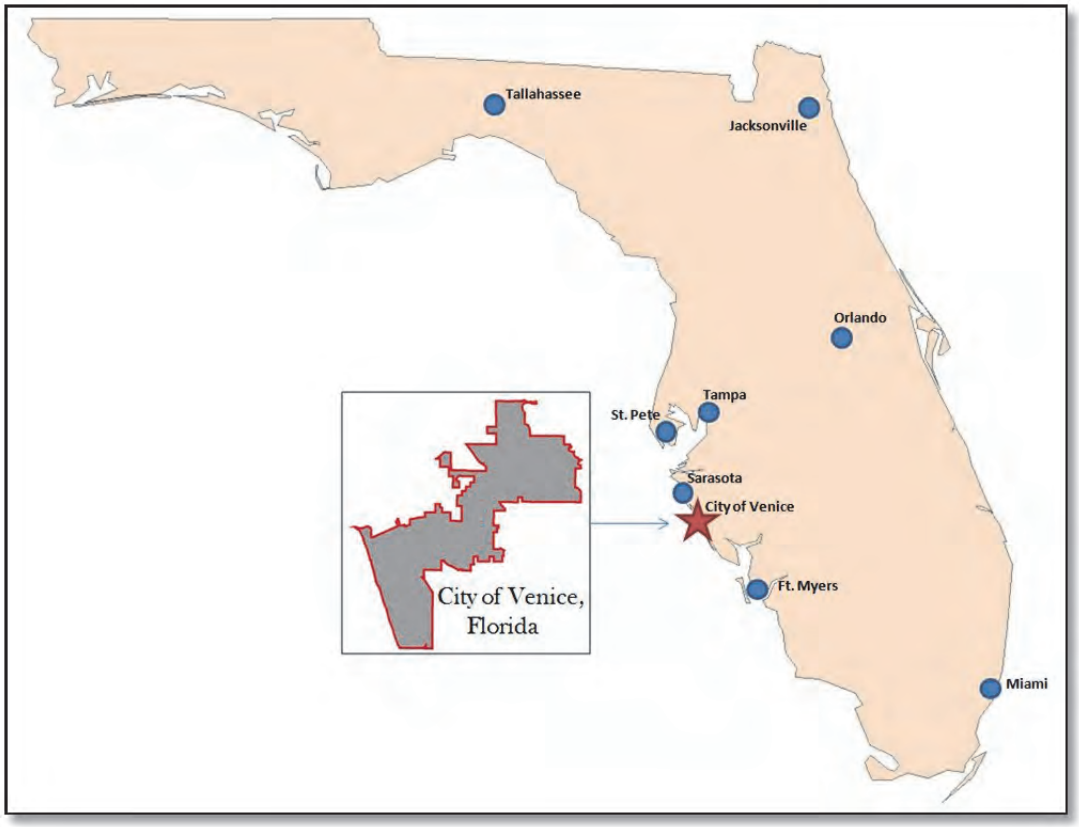
Portions of the following information under the heading "THE SYSTEM" has been extracted from the report of Burton & Associates, the City's feasibility consultant, which report is included as Appendix F hereto. Such report should be read in its entirety for more definitive and comprehensive information regarding the information contained under certain headings.

THE SYSTEM

General

The City of Venice provides potable water, reclaimed water and sanitary sewer services to customers located primarily inside the City limits, depicted in the location map below. The City utility service area covers approximately sixteen (16) square miles and is generally bounded by the Gulf of Mexico to the west and bordered on the north, south and east by unincorporated portions of Sarasota County.

City of Venice, Florida – Location Map



The water system provided potable water service to 10,968 customers as of September 30, 2012. The membrane softening reverse osmosis water treatment plant provides approximately 2.2 million gallons per day (mgd) of finished water that is pumped to the transmission and distribution system.

The sanitary sewer collection system served 10,677 sewer customers as of September 30, 2012. The advanced wastewater treatment plant processes an average annual daily flow of 3.0 mgd. The wastewater treatment plant includes facilities capable of producing reclaimed water for irrigation purposes to a limited number of customers and public spaces, including the municipal golf course. The reclaimed water system served approximately 2,968 customers as of September 30, 2012.

Utility Management

Personnel involved in management, financing, and operations of the System includes an elected City Council consisting of seven members. The City Manager is appointed by the City Council and is responsible for the day to day management and administration of the City. The Director of Finance and the Director of Utilities are selected by the City Manager. The Assistant Utilities Director reports to the Utilities Director, and the Chief Accountant reports to the Director of Finance.

Edward F. Lavallee, MPA, ICMA-CM, City Manager. Mr. Lavallee has been the City Manager since March 2012. Prior to his appointment as City Manager of Venice, he served terms as Police Administrator, Finance Director, and City Manager of Newport, Rhode Island. Mr. Lavallee has also been a law enforcement instructor for graduate and undergraduate students at area colleges and universities for more than 20 years. Mr. Lavallee earned the Credentialed Manager designation from the International City/County Management Association (ICMA). Mr. Lavallee holds a Master in Public Administration from the University of New Haven, Connecticut (graduated number one in the class), a bachelor of Arts in Political Science from the University of Connecticut, and an Associate Degree from Mitchell College, Connecticut.

Jeffery L. Snyder, CPA, MBA, Director of Finance. Mr. Snyder has been the Director of Finance since 2006. Prior to this appointment with the City, Mr. Snyder was the Director of Fiscal Operations and Chief Accountant for the City of Lubbock, Texas; the Accounting Manager for Spokane County, Washington; and an Audit Manager for the Washington State Auditor's Office. Mr. Snyder is a licensed Certified Public Accountant. Mr. Snyder holds a Masters in Business Administration from Western Washington University, Washington and a Bachelor of Science with emphasis in accounting from University of Montana.

Linda Senne, CPA, CGFM, Chief Accountant. Ms. Senne has been the chief accountant for the City of Venice since January 2011. Prior to January 1, 2011, she was the Deputy Financial Services Director/Controller for the City of Cape Coral. Ms. Senne started in 2001 as the Controller for the City of Cape Coral managing the City's Financial Management System, including accounting, financial reporting, debt issues, treasury, cash management and investments, payroll, grant coordination, capital assets, capital construction projects, and customer billing services. Ms. Senne worked for the Office of the State Auditor in North Dakota for 13 years prior to joining the City of Cape Coral. While working for the State of North Dakota, she was selected by the National Auditor's Association to be on several quality review teams. Ms. Senne holds a Bachelor of Science in Accounting from Moorhead State University–Minnesota and has been a Certified Public Accountant since 1988.

Lenox E. Bramble, PE, Director of Utilities. Mr. Bramble has been the Director of Utilities since May 2007, and also served as Director of Public Works for two years in 2008 and 2009. Prior to this appointment with the City, Mr. Bramble was the Permit Management Unit Supervisor in the Spokane Regional Office for the Washington Department of Ecology Water Quality Program from May 2003 to May 2007; Associate Engineer for Hahn Engineering in Spokane, Washington from May 2002 to May 2003; Power, Facilities and Systems Management Section Manager for HDR Engineering in Tampa, Florida from January 2002 to April 2002; Senior Project Manager at HDR Engineering in Tampa, Florida from May 2001 to January 2002; Senior Project Manager for B.P. Barber & Associates Engineering in Columbia, South Carolina from October 2000 to May 2001; Director of Public Works for Manatee County, Florida from January 1995 to October 2000; Director of Public Works and County Engineer for York County, South Carolina from October 1986 to December 1994; Environmental Engineer II for the Groundwater Section of the North Carolina Department of Natural Resources and Community Development, Division of Environmental Management in Raleigh, North Carolina from June 1985 to October 1986; Environmental Engineer II for the Solid and Hazardous Waste Management Branch of the North Carolina Department of Human Resources, Division of Health Services, Environmental Health Division in Raleigh North Carolina from July 1984 to May 1985; and Environmental Engineer I for the Hydrology and Management Branch of the North Carolina Department of Natural Resources and Community Development, Office of Water Resources in Raleigh, North Carolina from November 1980 to June 1984. Mr. Bramble holds a Bachelor of Science in Civil Engineering from North Carolina State University, Raleigh, North Carolina.

Timothy Hochuli, P.E., PMP, Assistant Utilities Director. Mr. Hochuli has been the Assistant Utilities Director since 2011. His responsibilities include administering utility operations for the City, including planning, organizing and developing facility systems and planning, directing and overseeing implementation of capital

improvement projects. Prior to his service to the City, he served for 12 years with Manatee County Government in several positions, including Project Management Director, Public Works Deputy Director, Projects & Engineering Manager and Project Manager. His career also includes 12 years as a consulting engineer. Mr. Hochuli holds a B.S. in Civil Engineering and M.S. in Environmental Engineering from Tufts University and a Master of Public Administration from the University of South Florida.

Existing System

Water System Background

The City's water system consists of groundwater withdrawals from two municipal wellfields, centralized treatment at a reverse osmosis water treatment plant, ground and elevated storage tanks, booster pump station and transmission/distribution piping network. The potable water system provides high-quality drinking water to approximately 11,000 accounts and services a population of more than 22,000. The system includes fifteen (15) permitted withdrawal points (of which fourteen (14) are operationally available), a 1-million gallon (MG) covered clearwell, a 1.5 MG ground storage tank, and two (2) 300,000 gallon elevated storage tanks. The water service area is largely built-out in the south and west portions thereof, with some opportunity for growth in the northeast region (see the water infrastructure map below). The raw water source is the Intermediate Aquifer System (IAS). The high-quality finished water produced by the water treatment plant meets or exceeds all federal and state regulatory drinking water standards.

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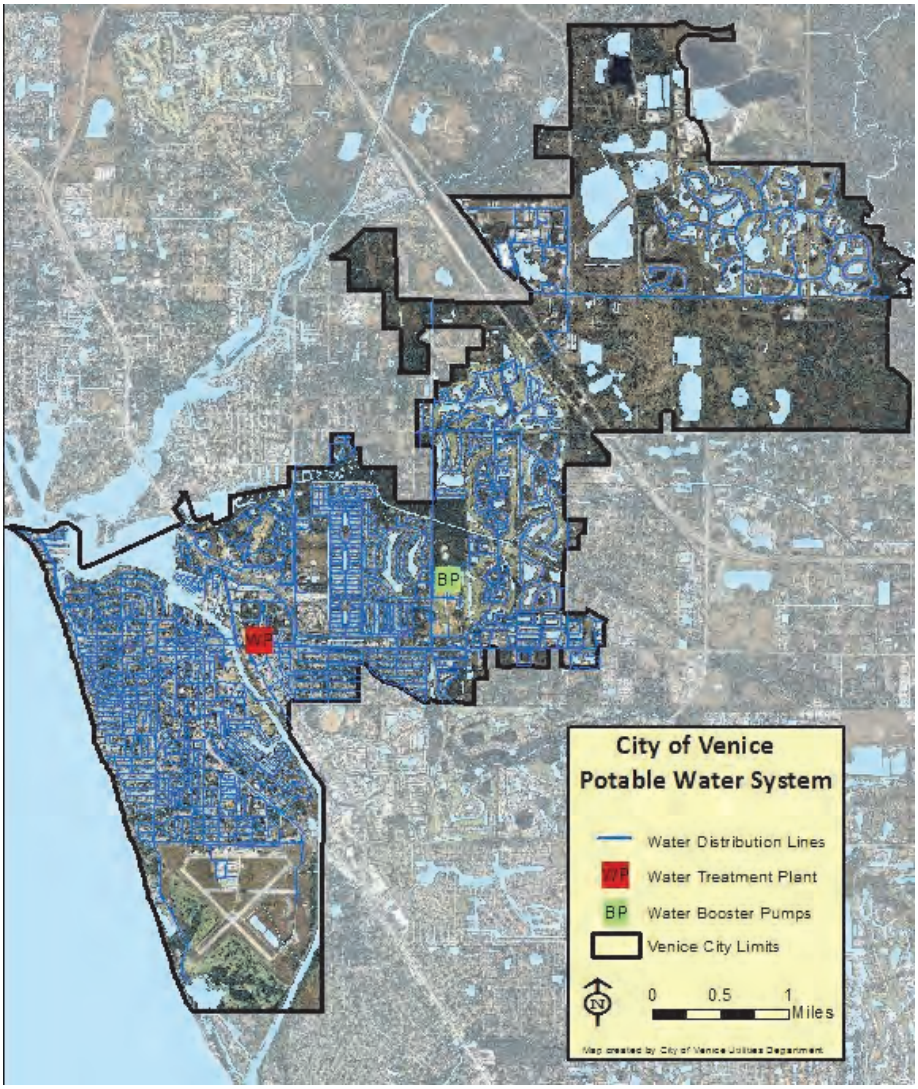

Water Supply Wells

The Southwest Florida Water Management District (SWFWMD) regulates the City's groundwater withdrawal through the issuance of a Water Use Permit (WUP). The water system is currently permitted for an average daily withdrawal of 6.86 mgd and a peak month withdrawal of 8.24 mgd. This withdrawal allocation is permitted from fifteen production wells providing brackish groundwater from the Intermediate Aquifer. Fourteen wells are currently in operation, and the City's WUP provides authorization to construct one additional production well for operational flexibility.

Seven of the production wells are located at the City's Intracoastal Wellfield along the Intracoastal Waterway. The remaining seven operational production wells are located within the Sawgrass Community at the City's Eastern Wellfield. The proposed future permitted well, planned for construction in FY 2013, will also be located at the Eastern Wellfield. The wells are similar in design and operation, and range in depth from 261 feet to 450 feet. Four of the wells have 10-inch diameter casings and ten wells have 12-inch diameter casings. Details of each of the City's production wells are summarized in the table below.

WATER SYSTEM - SUMMARY OF GROUND WATER SOURCES

SWFWMD Well ID No./ Permitee ID No.	Diameter (in)	Well Depth (ft)	Case Depth (ft)	Maximum Permitted Withdrawal (gpd)
Intracoastal Wellfield				
RO2W/33	10	385	230	604,800
RO3W/34	10	450	230	633,600
RO4W/35	10	450	230	648,000
RO2A/49	10	450	230	604,800
RO8W/50	12	450	230	936,000
RO7W/51	12	350	230	792,000
RO1A/65	12	359	225	792,000
Eastern Wellfield				
RO1E/52	12	405	269	720,000
RO2E/54	12	261	207	936,000
RO3E/55	12	360	197	936,000
RO4E/56	12	320	242	936,000
RO5E/57	12	320	228	936,000
RO6E/77	12	320	220	936,000
RO7E/78	12	320	220	936,000
RO8E/79*	12	320	220	936,000

* Proposed
Source: Technical Memorandum #2 – Existing System (7/12/2012) prepared as part of Water Master Plan

The operational production wells are equipped with submersible well pumps, flow-measurement devices, and discharge piping and valves. Each well is powered by the local electric utility company, Florida Power & Light. The emergency generator at the City's water treatment plant can provide power to two production wells in the event of a power outage, and seven production wells are equipped with fixed generators. The remaining wells are configured to receive power from the City's portable generators.

In addition to production wells for potable water supply, the City is a joint permit holder with the Venice Golf Association, Inc. for the three irrigation wells summarized in the following table. The wells withdraw water from Production Zone (PZ) 3 of the IAS and are used for augmentation of reuse water. The permitted allocation for these wells is 0.20 mgd for average daily use and 0.96 mgd for peak month.

CITY OF VENICE/VENICE GOLF CLUB - REUSE WATER AUGMENTATION WELLS

SWFWMD Well ID No./ Permitee ID No.	Diameter (in)	Well Depth (ft)	Case Depth (ft)	Gallons Per Day (Average/Peak Monthly)
IW-1/1	12	460	301	Capped
IW-2/2	12	460	301	201,300/321,400
IW-3/3	12	460	301	201,300/321,400

In 1990, the City initiated a wellfield monitoring system to monitor the pumpage, drawdown, and hours of operation of the production wells. The City's Wellfield Management, Monitoring, and Mitigation Plan includes an extensive network of monitoring wells sampled monthly for water quality, and allows for control and optimization of the production well withdrawals so that the Intermediate Aquifer does not experience the adverse impacts of saltwater intrusion.

Water Treatment Facility

The City owns and operates one water treatment facility. The City historically treated groundwater from a surficial wellfield (now abandoned) using lime softening and filtration, but transitioned to reverse osmosis (RO) technology in the late 1970s. The City's original RO water treatment plant (WTP) has undergone significant technology upgrades, modifications and expansions, including replacement of high-pressure Hollow Fine Fiber (HFF) permeaters with low-pressure spiral wound membrane elements that substantially reduce the feed pressures and energy requirements. The current facility includes two parallel RO membrane trains with a combined maximum day treatment capacity of 4.32 mgd, which can be expanded to 6.23 mgd, however, the City currently has no plans to do so. The RO WTP is permitted by The Florida Department of Environmental Protection (FDEP).

Raw water pretreatment includes sand separation, cartridge filtration and anti-scalant addition. After pretreatment, the water is pumped at high pressure across reverse osmosis membranes to remove minerals from the water at a 50 percent recovery rate. The RO treatment is composed of two parallel pumping and membrane train buildings; Phase 1 placed into service in 1975, and Phase II added in 1990.

Phase I can produce up to 2.16 mgd of potable water and utilizes two 150-horsepower (hp) and two 125-hp vertical turbine high pressure pumps. The pumps are operated by variable frequency drives (VFDs) for controlling the speed of the pumps to maintain maximum efficiency. These pumps feed two RO membrane trains. Each train contains 36 pressure vessels that are comprised of six spiral wound membrane elements in a single pass configuration. Phase I operates at 50 percent recovery and averages between 150 and 160 pounds per square inch (psi) feed pressure, depending on water quality.

Phase II provides an additional 2.16 mgd, bringing the total plant capacity to 4.32 mgd. Phase II utilizes two 250-hp, vertical turbine high-pressure pumps that feed two RO trains. Each train holds 36 pressure vessels loaded with six spiral wound membrane elements in a single pass configuration. Phase II also operates at approximately 50 percent recovery with feed pressures averaging between 145 and 160 psi, depending on water quality.

A Supervisory Control and Data Acquisition (SCADA) system is used to operate Phase II. The system allows plant personnel to monitor and adjust all plant operations parameters, raw water well control, distribution flows and pressure, as well as remote booster pumping control. Automation for Phase I is currently provided only to the high pressure pumps.

The water product from both phases are combined and blended with approximately six percent raw well water that is bypassed around the RO process to recharge the finished water with some mineral content. Carbon dioxide is then added to reduce the pH, which allows for the removal of dissolved gases. Following degasification, caustic soda is added to adjust the pH to 8.0 and approximately 4.5 parts per million (ppm) of sodium hypochlorite is added to maintain disinfection. The final step is the addition of orthophosphate for corrosion control. Licensed water treatment operators sample and test the various streams of water several times daily to ensure that the water quality meets or exceeds regulatory standards. Following treatment, the finished water is stored in a 1.0 MG covered clearwell prior to being pumped into the distribution system.

RO concentrate reject produced through the reverse osmosis process is treated with sodium hypochlorite, compressed air (to neutralize hydrogen sulfide gas), and dissolved oxygen. The treated concentrate is then discharged to a mixing zone in the Intracoastal Waterway (a salt water body), and eventually flows to the Gulf of Mexico.

Water Transmission and Distribution Facilities

In addition to the 1.0 MG clearwell at the RO WTP, the City's water transmission/distribution system includes two 300,000-gallon steel elevated storage tanks and a 1.5 MG concrete ground storage tank and booster bumping station. The tanks and booster station provide a total storage capacity of 3.1 MG for peak demand and fire flow throughout the utility service area.

Water is pumped from the on-site clearwell to the distribution system using three 250-hp vertical turbine high service pumps. The booster station connects to the distribution system via a 16-inch water main and utilizes a 100-hp booster pump and 50-hp backup booster pump to increase pressure for peak demand and to provide fire protection to the northeast service area.

The distribution system consists of approximately 185 miles of potable water mains, 14 miles of raw water mains, over 1,000 fire hydrants and over 2,400 main line valves. The distribution network includes ductile iron pipe (DIP), polyvinyl chloride (PVC), high-density polyethylene (HDPE), cast iron (CI), and asbestos concrete (AC) piping. The piping network supplies water to homes, businesses, irrigation meters and fire hydrants throughout the City. The total length of the distribution network piping classified by diameter is summarized in the table on the following page.

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WATER SYSTEM - SUMMARY OF TRANSMISSION/DISTRIBUTION PIPING

Pipe Diameter (inches)	Pipe Material and Approximate Length of Pipe (feet)							
	AC	CI	Copper	DIP	HDPE	PVC	Not Identified	Total
1			10		700	1,500	400	2,610
2	600	1,800	190		600	56,100	19,200	78,490
3	1,700			500		14,600	28,100	44,900
4	9,400	1,300		1,200	300	24,700	91,100	128,000
6	25,400	4,200		2,700	100	143,300	124,600	300,300
8	11,800	3,400		400	100	168,700	42,900	227,300
10	6,700	5,500		2,700		18,300	5,500	38,700
12	4,700			1,200		94,400	42,100	142,400
14				40	1,300			1,340
16				9,600		4,500	2,300	16,400
20				700				700
24				100			40	140
Total (feet)	60,300	16,200	200	19,140	3,100	526,100	356,240	981,280

AC = Asbestos-Cement
CI = Cast Iron
DIP = Ductile Iron Pipe
HDPE =High-Density Polyethylene
PVC = Polyvinyl Chloride

Source: Technical Memorandum #2 – Existing System (7/12/2012) prepared as part of Water Master Plan

Sanitary Sewer System Background

The City provides sanitary sewer service to the City and certain unincorporated areas within Sarasota County ("County"). All wastewater is collected and directed to the northeast through a system of gravity sanitary sewer mains, lift stations and force mains. The wastewater is received and treated at the Eastside Water Reclamation Facility (the "Eastside WRF"), which operates under an FDEP permit. The Eastside WRF is currently permitted to treat 6.0 mgd based on a three-month rolling average daily flow (3MRADF). The sanitary sewer service area (see the following sewer infrastructure map) is largely built-out to the south and west. The City has some opportunity for growth in the northeast region; however, much of this area receives sanitary sewer collection service from the County.

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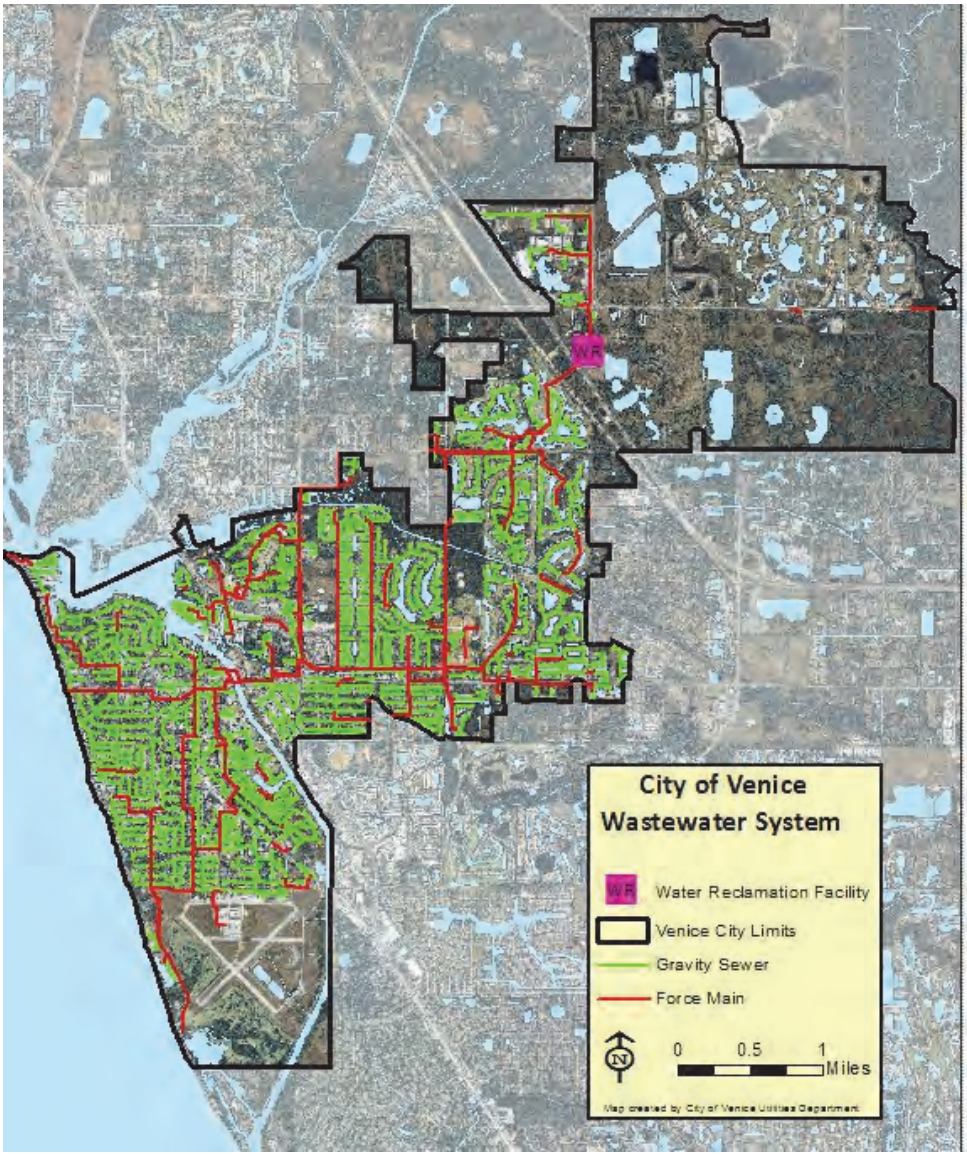
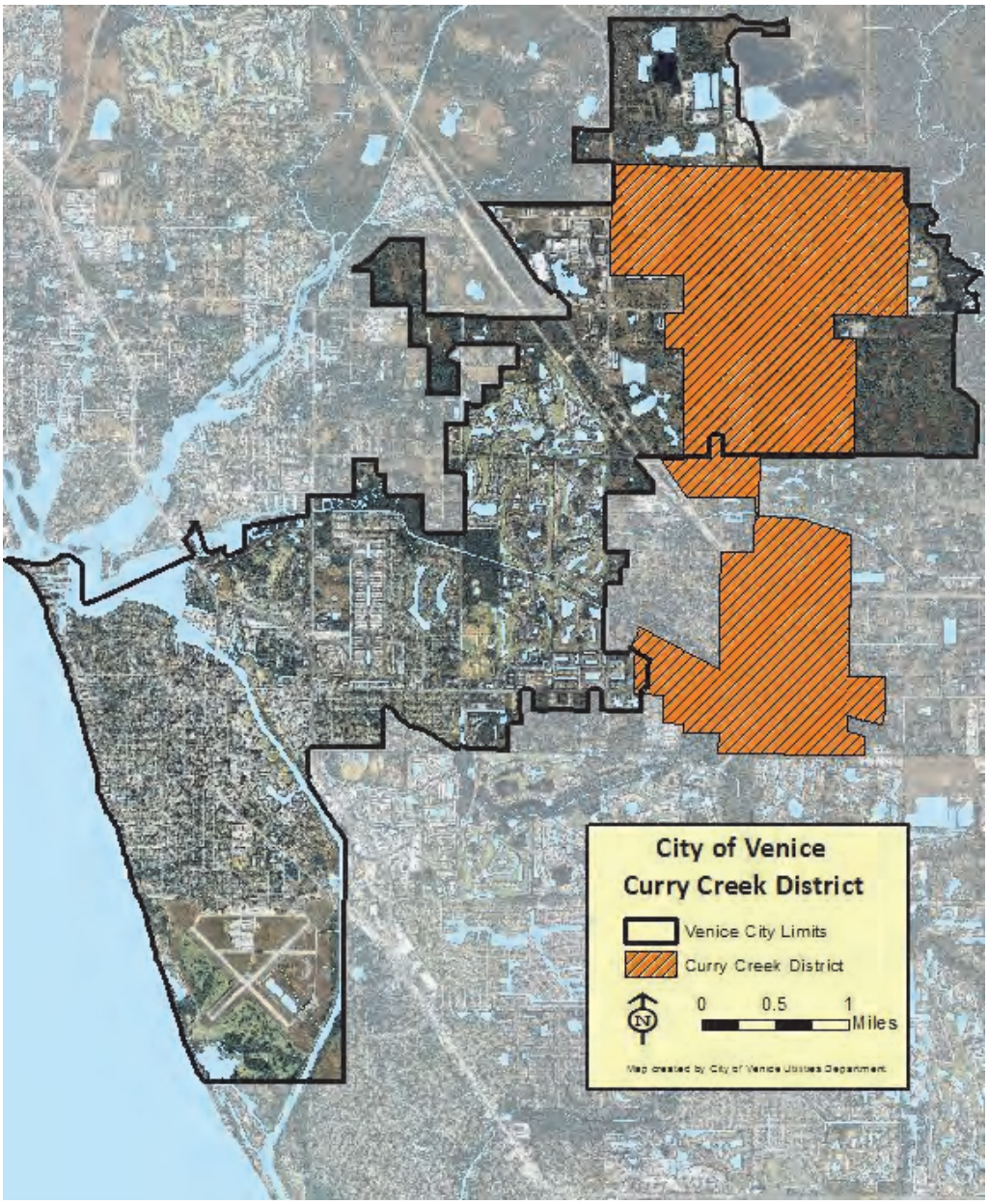


The City and the County entered into an interlocal agreement on October 5, 1989, as amended on October 10, 2000 and again on November 12, 2002, for the provision of wholesale or bulk treatment and disposal services by the City to County on behalf of the customers within the portion of the County's sewer collection service area adjacent to the City as well as in the Curry Creek District (see Curry Creek service area map). After the most recent expansion of the City's wastewater treatment plant capacity to 6.0 mgd, the City and the County have each reserved 3.0 mgd of treatment capacity under this agreement. The term of this agreement extends for as long as the facilities contemplated therein are used or useful.

Per the agreement, as amended, the City charges the County a bulk rate as published in its current rate ordinance, plus a 10% surcharge. Half of the surcharge revenue is to be placed into a County-controlled account, the proceeds of which shall be used solely for the County's proportionate share of any renewal, replacement, or enhancement of the City's wastewater treatment plant, reuse system, or to pay regulatory fines. The remaining 50% of the surcharge revenue is to be held in a similar City-controlled accounts for the same purpose.



Wastewater Collection System

The wastewater collection system consists of approximately 107 miles of gravity sewer main, 41 miles of force main, 2,400 manholes and 85 lift stations. Since installation of the initial infrastructure, the City has conducted several modifications and upgrades to the wastewater collection and transmission system including lift station upgrades and manhole rehabilitation, sewer line replacements or lining, and installation of remote telemetry systems and emergency power generators.

Seventy-nine of the lift stations are monitored by the City's SCADA system, which records operational data such as the number of pump starts and pump run time, and notifies City personnel in the event of a lift station failure. The telemetry system increases system reliability, optimizes aspects of operation, and reduces the potential for sanitary sewer overflows (SSOs) resulting from equipment or power failures. Four of the City's lift stations have on-site backup power generators and the remaining 81 stations are equipped with emergency power

receptacles for portable generators and bypass pumping connections to ensure safe and reliable operation in the event of an extended power outage.

Wastewater Treatment Facility

The City owns and operates the Eastside WRF, an advanced wastewater treatment facility (AWWTF) with high-level disinfection which treats all domestic wastewater received from the City and the County. The Eastside WRF produces high quality effluent which can be safely discharged the Intracoastal Waterway or distributed for reuse irrigation. The original facility was put into service in July of 1992, and was expanded in 2001 to its current capacity of 6.0 mgd on a maximum 3-month rolling average. The Eastside WRF is permitted through an FDEP permit. The operating permit was renewed on December 12, 2011 with an expiration date of December 11, 2016.

The expanded facility consists of preliminary treatment followed by dual four-stage Bardenpho process trains for biological nutrient removal, four clarifiers, three dual media (sand and anthracite) automatic backwash traveling bridge filters, and three chlorine contact chambers fitted with a sodium hypochlorite system for disinfection. Aeration is provided at the chlorine contact chamber in the event that surface water discharge is necessary. Waste sludge is processed by four aerated holding tanks and dewatered using two belt filter presses prior to being transported by contract haulers for stabilization and final disposal.

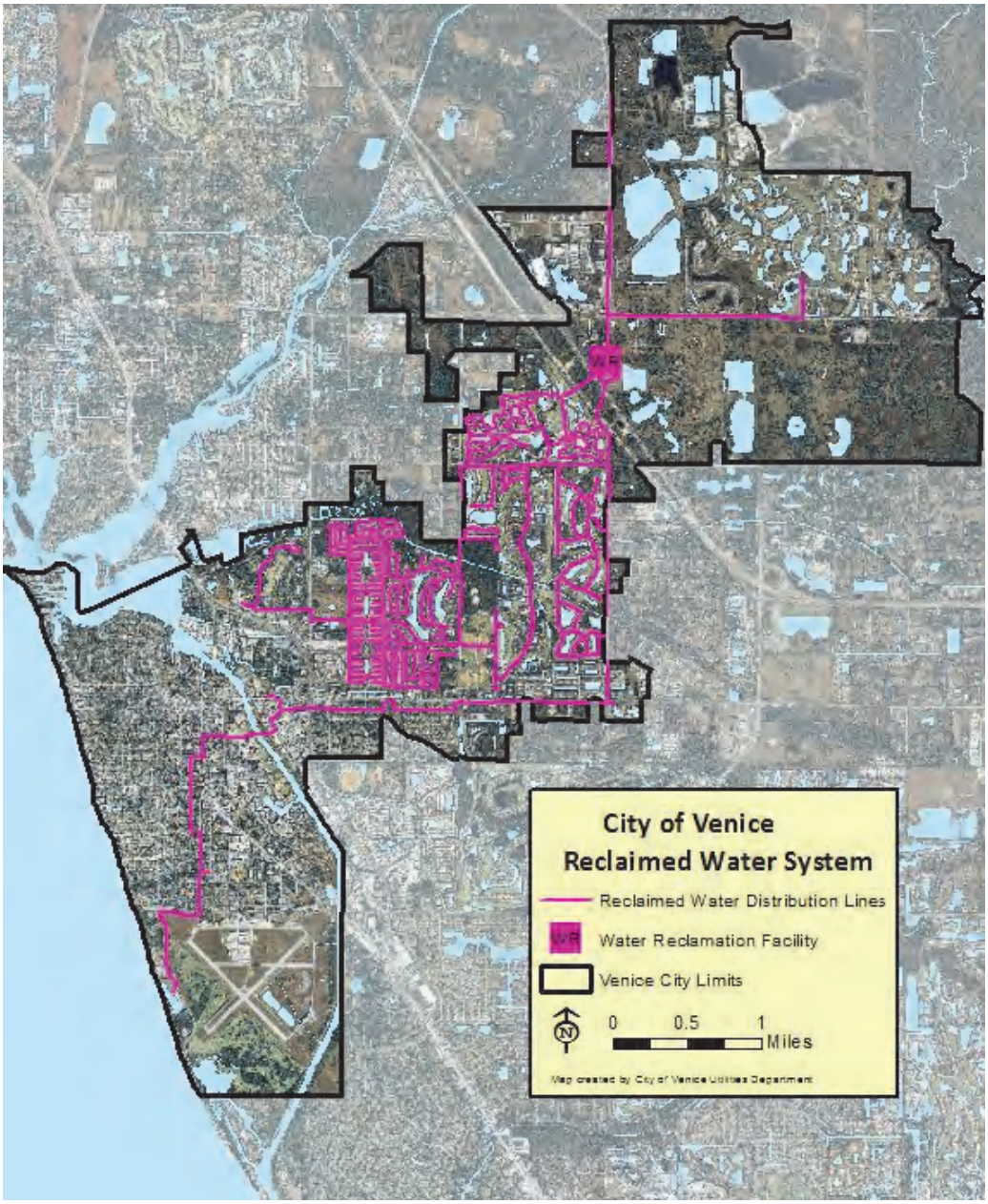
Reclaimed water is stored in either a 3 MG above-ground concrete storage tank or a 35 MG on-site lined storage pond. The City has the option to filter and disinfect the water stored in the pond prior to sending it into the reclaimed water distribution system. For disposal, the City has three permitted reuse locations and five permitted surface water locations. Substandard effluent is diverted to a 6 MG clay-lined reject pond, where it can be returned to the headworks of the plant for reprocessing.

Scheduled equipment maintenance and repairs at the facility are tracked through a computerized maintenance management system (CMMS). Upon implementation of the CMMS, the City programmed the manufacturer's recommended maintenance schedule for each piece of equipment into the software's database. Using this information, the software application automatically generates work orders at scheduled maintenance due dates, which are carried out by City staff. Subsequently, data is re-entered into the program indicating the work done and the date completed, providing a detailed history of repairs and preventative maintenance activities. Utility staff can generate detailed historic maintenance logs for each piece of equipment stored within the application's database.

The FDEP permit establishes maximum contaminate level (MCL) limits for the treated effluent. Adherence to an established operating protocol and routine sampling and reporting ensure that the City consistently meets or exceeds this regulatory treatment level.

Reclaimed Water and Disposal

Reclaimed water is used to provide irrigation water to commercial users, residential users and golf courses within the City's service area and to Sarasota County through an interconnect with the County system. The City owns, operates and maintains approximately 49 miles of reclaimed water distribution mains and 2,968 reclaimed water meters for reuse irrigation service (see reclaimed water infrastructure map). The City also has additional effluent disposal available if reclaimed water production exceeds the reuse demand of the community. The supplementary disposal methods include surface water discharge to Roberts Bay and the use of the County interconnection. All disposal methods for the City's treated effluent are permitted through the FDEP. This diversification of disposal methods provides the City reliable disposal capacity under varying conditions.



Condition of Facilities

Ongoing renewal and replacement programs for the distribution and collection systems of both the water and wastewater systems, as well as the water and wastewater treatment facilities, ensures that the systems are kept in good repair, experience minor service interruptions, and are fully compliant with all regulatory permit conditions. The raw water supply wells operate on a wellfield rotation plan, where each well is periodically taken off-line for recovery, refurbishment, and/or general maintenance to ensure production capability and to reduce the potential for saltwater intrusion. Based upon recent master plans and subsequent updates prepared by consulting engineers, the water and wastewater treatment plants are well maintained and have no functional difficulties. Preventive maintenance repairs are scheduled and recorded by the CMMS software application.

The City is committed to continued system improvement, upgrades, rehabilitation and expansion as warranted. Comprehensive utility master plans for the water, wastewater and reclaimed water systems are

regularly prepared and updated, and include infrastructure condition assessments, hydraulic system modeling, and future demand and capacity evaluations.

Projected System Capacities

Much of the City's service area is built-out; however, several large, undeveloped and underdeveloped areas located in the northeastern portions of the service area offer some opportunity for growth of the System. The Venice City Council has approved a 1,700 unit residential development in this area. Additionally, limited growth can be anticipated from commercial and industrial redevelopment. The projected capacity demands on the water and wastewater system are presented in the following table.

PROJECTED FUTURE WATER, WASTEWATER AND RECLAIMED WATER AVERAGE DAY DEMANDS

Year	Population[1]	Potable Water Demand (mgd)[2]	Sanitary Sewer Demand (mgd)[3]	Reclaimed Irrigation Demand (mgd)[4]
2015	23,799	2.14	4.10	4.33
2020	25,262	2.29	4.67	4.81
2025	26,684	2.44	5.19	5.45
2030	27,998	2.58	5.55	5.94

1 – Based on City of Venice Wastewater Master Plan functional population projections and includes permanent, seasonal and tourist populations.
2 – Based on Technical Memorandum # 2 – Updated Existing System, a component to the City of Venice Water Master Plan Phase 1 and identified population projections.
3 – Includes projected flows from Sarasota County.
4 – Based on City of Venice Reclaimed Water Master Plan demand projections for an application rate of 1-inch per week. Projected demands assume that wastewater flow from Sarasota County will continue to be treated at the Eastside WRF. The agreement with the County continues in perpetuity so long as the WRF facilities contemplated therein are sued and useful.

Capital Improvement Program and Funding Sources

The City has planned certain capital improvements, extensions and additions to the System during the next several fiscal years. In current day dollars, the City has identified approximately $18.5 million in capital requirements for water system projects and approximately $34.5 million in capital requirements for wastewater and reclaimed water system projects that are either underway or anticipated to be performed during the Fiscal Years ending September 30, 2013 through and including 2017. The cost of the capital improvements is based on estimates prepared by the City and other engineers employed by the City as part of its Water, Wastewater and Reclaimed Water Master Plans and its ongoing capital improvement program.

Key water system capital projects identified in the City's 5-year Capital Improvement Program (CIP) include RO Membrane WTP improvements, a new production well, and replacement of several miles of asbestos-cement and other distribution system piping reaching the end of its reliable service life. Planned wastewater system CIP projects include aeration and filtration system enhancements at the Eastern WRF, liftstation and manhole rehabilitation and improvements throughout the sanitary sewer collection system to reduce inflow and infiltration (I&I) of rainwater and groundwater during storm events. I&I is increasingly common as collection system infrastructure ages and can introduce significant volumes of stormwater into the sanitary sewer system and place an undue burden on pumping, reclamation and disposal facilities.

The CIP is anticipated by the City to be funded from both internal sources (e.g., capital facility charges, available reserve funds, and Renewal and Replacement Fund) and from future bond proceeds, including the Series 2012 Bonds. A more complete discussion of the CIP funding sources is presented in the Feasibility Report.

Regulatory Status

The City is in full compliance with all applicable federal and state regulatory requirements relating to the provision of potable water, reclaimed water, and sewer services and there are currently no outstanding consent orders requiring corrective actions that have been issued by any regulatory authority relating to any component of the System. The City is operating its water production facility and wastewater reclamation facility pursuant to the requirements of the permits issued by the requisite regulatory agencies. The City is current on all permit renewals. The water produced by the water system meets all federal and state regulatory drinking water standards, and the reclaimed water produced by wastewater system meets or exceeds all effluent quality parameters for reuse and disposal.

Historical Customer Data

The City's water and sewer rate ordinance provides for two major retail customer classes: (1) residential, comprised of individually and master-metered residential dwellings, and (2) commercial, comprised of all non-residential accounts. The table below provides summary customer data for the last five fiscal years. It is important to note that metered reclaimed water usage is largely affected by the amount and distribution of precipitation in each year.

HISTORICAL CUSTOMER ACCOUNTS AND FLOWS

	Fiscal Year Ending				
	2008	2009	2010	2011	2012
Water Accounts					
Residential	9,889	9,933	9,907	9,910	9,988
Commercial	967	971	978	978	981
Total	10,855	10,904	10,884	10,888	10,968
% Increase (Decrease)	0.4%	0.5%	-0.2%	0.0%	0.7%
Metered Flow (MGD)	1.96	1.86	1.83	1.82	1.90
% Increase (Decrease)	-4.9%	-5.5%	-1.6%	-0.2%	4.3%
Sewer Accounts					
Residential	9,684	9,741	9,722	9,738	9,814
Commercial	846	849	854	856	864
Total	10,531	10,590	10,576	10,594	10,677
% Increase (Decrease)	0.7%	0.6%	-0.1%	0.2%	0.8%
Reclaimed Water Accounts					
Residential	2,820	2,848	2,830	2,847	2,871
Commercial	91	92	95	96	97
Total	2,910	2,940	2,926	2,943	2,968
% Increase (Decrease)	12.0%	1.0%	-0.5%	0.6%	0.8%
Metered Flow (MGD)	3.47	4.36	4.51	2.39	2.28
% Increase (Decrease)	-17.4%	25.8%	3.4%	-47.1%	-4.7%

Source: City of Venice Utilities

Below is information about the ten largest retail water, sewer (excluding the County, as they are a wholesale contract customer) and reclaimed water customers based upon volume for FY 2011.

TEN LARGEST WATER CUSTOMERS

Customer	Usage (gallons)	Usage Revenue	Total Revenue
Venice Regional Medical Center	23,431,525	$127,335	$190,655
Country Club Est Co-Op Inc	10,317,196	44,297	159,300
Ridgewood Mobile Park	8,030,230	34,753	91,393
Pinebrook Rehab/Sun Healthcare	6,982,707	37,689	41,280
Sar Cty BD of Pub Inst	6,850,821	36,970	40,561
Manor Care of Boynton Beach	5,638,868	30,274	33,853
Aston Gardens at Pelican Point	5,053,629	24,270	34,176
SW Fla Ret/Ctr/Mark Manor	4,609,334	24,754	30,365
PGT Industries	4,444,070	23,791	25,581
Harbor Chase of Venice	4,375,954	23,482	29,093
Total of Top Ten Customers	79,734,334	$ 407,615	$ 676,257
Total System	717,968,000	$ 3,317,139	$ 7,762,455
Top Ten Customers as % of Total	11.1%	12.3%	8.7%

Source: City of Venice Utilities

TEN LARGEST SEWER CUSTOMERS

Customer	Usage (gallons)	Usage Revenue	Total Revenue
Venice Regional Medical Center	23,431,525	$132,154	$209,566
Country Club Est Co-Op Inc	10,317,196	58,189	180,480
Ridgewood Mobile Park	8,030,230	45,291	105,633
Pinebrook Rehab/Sun Healthcare	6,982,707	39,382	43,054
Sar Cty BD of Pub Inst	6,850,821	38,639	42,310
Manor Care of Boynton Beach	5,638,868	31,707	35,366
Aston Gardens at Pelican Point	5,053,629	28,502	39,057
SW Fla Ret/Ctr/Mark Manor	4,609,334	25,997	31,734
PGT Industries	4,444,070	24,999	26,828
Harbor Chase of Venice	4,375,954	24,680	30,417
Total of Top Ten Customers	79,734,334	$ 449,540	$ 744,445
Total System	620,408,000	$ 3,460,044	$ 7,765,854
Top Ten Customers as % of Total	12.9%	13.0%	9.6%

Source: City of Venice Utilities

TEN LARGEST RECLAIMED WATER CUSTOMERS

Customer	Usage (gallons)	Usage/Total Revenue
San Lino at Waterford, LLC	13,446,900	$14,133
Bird Bay Condo/Phase V	12,284,100	12,855
Willow Chase Community Assoc	11,675,700	12,149
Bird Bay Condo/Phase II	8,019,600	7,278
Bird Bay Village Phase I	7,673,000	7,669
Triano Condo Assoc	7,169,300	7,058
Bird Bay Leisure	4,267,500	3,949
Berkshire Place Home Owners	3,338,800	2,938
Colonial Manor Park	2,587,859	214
Waterford Master Owners Assoc	1,320,400	1,132
Total of Top Ten Customers	71,783,159	$ 69,375
Total System	872,350,000	$ 492,492
Top Ten Customers as % of Total	8.2%	14.1%

Source: City of Venice Utilities

Historical System Operating Results and Debt Service Coverage

The historical operating results and debt service coverage for the Utility System for the Fiscal Years ended September 30, 2008 through 2012 are included below.

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HISTORICAL SYSTEM OPERATING RESULTS AND DEBT SERVICE COVERAGE

	For the Fiscal Year Ended September 30 [1]				
	2008	2009	2010	2011	2012
Operating Revenues					
Charges for Service [2]	$ 15,846,862	$ 16,688,005	$ 17,863,490	$ 17,854,061	$ 18,108,895
Other Operating Income	363,514	274,037	244,645	476,777	182,027
Total Operating Revenues	$ 16,210,376	$ 16,962,042	$ 18,108,135	$ 18,330,838	$ 18,290,922
Interest Earnings (loss)	$ 85,401	$ 36,661	$ 42,161	$ 92,114	$ 66,771
Gross Revenues	$ 16,295,777	$ 16,998,703	$ 18,150,296	$ 18,422,952	$ 18,357,692
Cost of Operation and Maintenance					
Personal Services [3]	$ 4,464,486	$ 4,430,559	$ 4,112,659	$ 3,808,505	$ 3,704,510
Other Operating Expenses [4]	5,066,192	4,643,629	3,762,917	4,918,935	5,778,165
Total Cost of Operation and Maintenance	$ 9,530,678	$ 9,074,188	$ 7,875,576	$ 8,727,440	$ 9,482,675
Net Revenues Available for Bond Service	$ 6,765,099	$ 7,924,515	$ 10,274,720	$ 9,695,512	$ 8,875,017
Bond Service Requirement [5]	$ 3,020,220	$ 2,684,745	$ 2,805,705	$ 2,381,520	$ 2,413,313
Bond Service Coverage [6]	2.24	2.95	3.66	4.07	3.68
Non Operating Revenues					
Federal and State Grants	$ -	$ -	$ -	$ 71,658	$ 45,382
Disposition of Assets	17,137	1,800	787	16,188	5,047
Total Non Operating Revenue	$ 17,137	$ 1,800	$ 787	$ 87,846	$ 50,429
Non Operating Expenses					
Subordinated Indebtedness [7]	$ 457,498	$ 457,498	$ 457,498	$ 457,498	$ 457,498
Advance from General Fund	502,599	502,599	502,599	502,599	502,599
Administrative Charges Transfer	1,714,935	1,420,043	1,544,883	1,150,288	1,091,052
Renewal & Replacement Fund Transfer [8]	-	-	-	-	1,000,000
Total Non Operating Expenses	$ 2,675,032	$ 2,380,140	$ 2,504,980	$ 2,110,385	$ 3,051,149

(1) FY 2008 - FY 2011 reflects data within each year's respective Comprehensive Annual Financial Report. FY 2012 reflects unaudited actual results, per data provided by City staff.
(2) Net of Provisions for Bad Debts.
(3) Excludes Other Post Employment Benefit (OPEB) amounts.
(4) Excludes Depreciation and Amortization expenses.
(5) Reflects annual debt service requirements of the Series 2001 Revenue Bonds and the Series 1991 Capital Appreciation Bonds. The last debt service repayment requirement for the Series 1991 Capital Appreciation Bonds was FY 2011.
(6) In each Fiscal Year, Gross Revenues must be sufficient to pay the Cost of Operation and Maintenance of the System, and will further be sufficient to provide an amount equal to 115% of the Bond Service Requirement due in such year.
(7) Reflects annual debt service requirements of the Clean Water State Revolving Fund Loan Agreement WWG12066115L and Clean Water State Revolving Fund Loan Agreement CS12066115P.
(8) Established pursuant to Resolution No. 2012-05,which authorized the issuance of the Utility System Refunding Revenue Note, Series 2012, annual contributions to this Fund shall equal 5% of the Gross Revenues for the immediately preceding Fiscal Year, provided that no deposit shall be required so long as the amount in the Renewal and Replacement Fund is at least $1,000,000.

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Projected System Operating Results and Debt Service Coverage

The projected operating results and debt service coverage for the utility system for the Fiscal Years ended September 30, 2013 through 2017 are included below. The supporting detail for the projections is presented within the Financial Feasibility Report included as Appendix F.

PROJECTED SYSTEM OPERATING RESULTS AND DEBT SERVICE COVERAGE

	For the Fiscal Year Ended September 30				
	2013 [1]	2014	2015	2016	2017
Operating Revenues					
Charges for Service [2]	$ 18,737,001	$ 19,277,687	$ 19,834,185	$ 20,411,150	$ 21,008,694
Other Operating Income	143,400	143,400	143,400	143,400	143,400
Total Operating Revenues	$ 18,880,401	$ 19,421,087	$ 19,977,585	$ 20,554,550	$ 21,152,094
Interest Earnings (loss)	$ 117,344	$ 186,991	$ 216,362	$ 183,194	$ 156,509
Gross Revenues	$ 18,997,746	$ 19,608,079	$ 20,193,947	$ 20,737,744	$ 21,308,603
Cost of Operation and Maintenance					
Personal Services [3]	$ 3,923,419	$ 4,085,990	$ 4,250,874	$ 4,416,827	$ 4,582,532
Other Operating Expenses [4]	5,727,383	6,011,346	6,310,844	6,626,802	6,960,200
Total Cost of Operation and Maintenance	$ 9,650,802	$ 10,097,335	$ 10,561,718	$ 11,043,629	$ 11,542,732
Net Revenues Available for Bond Service	$ 9,346,944	$ 9,510,743	$ 9,632,228	$ 9,694,115	$ 9,765,871
Bond Service Requirement [5]	$ 2,909,033	$ 3,705,120	$ 3,704,477	$ 3,696,476	$ 1,671,985
Bond Service Coverage [6]	3.21	2.57	2.60	2.62	5.84
Non Operating Revenues					
Federal and State Grants	$ -	$ -	$ -	$ -	$ -
Disposition of Assets	-	-	-	-	-
Total Non Operating Revenue	$ -	$ -	$ -	$ -	$ -
Non Operating Expenses					
Subordinated Indebtedness [7]	$ 457,498	$ 457,498	$ 457,498	$ 457,498	$ 457,498
Advance from General Fund	502,600	502,600	502,599	502,599	502,600
Administrative Charges Transfer	986,608	1,016,206	1,046,692	1,078,093	1,110,436
Renewal & Replacement Fund Transfer [8]	914,798	944,020	971,054	998,879	1,027,727
Total Non Operating Expenses	$ 2,861,505	$ 2,920,324	$ 2,977,844	$ 3,037,070	$ 3,098,262

(1) Water, sewer, and reclaimed water rate revenues are reflected within Charges for Service, FY 2013 data reflects certain information from the FY 2013 Adopted Budget and serves as the basis for future year projections.
(2) Includes water, sewer, and reclaimed water rate revenues, which were projected based upon FY 2012 unaudited actual results adjusted for the impacts of approved rate adjustments and projected system growth. Net of Provisions for Bad Debts.
(3) Excludes Other Post Employment Benefit (OPEB) amounts.
(4) Excludes Depreciation and Amortization expenses.
(5) Reflects estimated annual debt service requirements of the Series 2012 Bonds and, through FY 2016, the Series 2012 Refunding Revenue Note. Included in FY 2017 is additional debt service resulting from projected future borrowing.
(6) In each Fiscal Year, Gross Revenues must be sufficient to pay the Cost of Operation and Maintenance of the System, and will further be sufficient to provide an amount equal to 115% of the Bond Service Requirement due in such year.
(7) Reflects annual debt service requirements of the Clean Water State Revolving Fund Loan Agreement WWG12066115L and Clean Water State Revolving Fund Loan Agreement CS12066115P.
(8) Established pursuant to Resolution No. 2012-05, which authorized the issuance of the Series 2012 Refunding Revenue Note, annual contributions to this Fund shall equal 5% of the Gross Revenues for the immediately preceding Fiscal Year, provided that no deposit shall be required so long as the amount in the Renewal and Replacement Fund is at least $1,000,000.

RISK FACTORS

The future financial condition of the System could be affected adversely by, among other things, legislation, environmental and other regulatory actions, changes in demand for services, economic conditions, demographic changes, and litigation. In addition to those risks, some of the possible changes in the future may include, but not be limited to, the following:

1. The City's water and sewer facilities are subject to regulation and control by numerous federal, state and local governmental agencies. The City cannot predict future policies such agencies may adopt. Future changes could result in the City having to discontinue operations at certain facilities or to make significant capital expenditures and could generate substantial litigation.

2. Estimates of revenues and expenses contained herein and the realization of such estimates are subject to, among other things, future economic conditions, the potential occurrence of natural disasters including hurricanes and other conditions which are unpredictable and which may adversely affect such revenues and expenses, and in turn, the payment of the Series 2012 Bonds.

LEGAL MATTERS

Certain legal matters in connection with the authorization, issuance and sale of the Series 2012 Bonds are subject to the approval of McGuireWoods LLP, Jacksonville, Florida, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2012 Bonds.

The proposed form of Bond Counsel opinion is attached hereto as Appendix D and reference is made to such form of opinion for the complete text thereof. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2012 Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriters and the City relating to the accuracy of certain statements contained hereunder under the heading "TAX MATTERS" and certain statements which summarize provisions of the Resolution and the Series 2012 Bonds, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2012 Bonds.

Certain letters matters will be passed upon for the City by Hall & Anderson, Venice, Florida, City Attorney and Akerman Senterfitt, Orlando, Florida, Disclosure Counsel. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is serving as counsel to the Underwriters.

LITIGATION

There is no pending or, to the knowledge of the City, any threatened litigation against the City of any nature whatsoever which in any way questions or affects the validity of the Series 2012 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Resolution, or the pledge of the Pledged Revenues. Neither the creation, organization or existence, nor the position of the present members of the City Council, or other officers of the City is being contested.

The City experiences routine litigation and claims incidental to the conduct of its affairs. In the opinion of the City Attorney, there are no actions presently pending or threatened, the adverse outcome of which would have a material adverse effect on the availability of the Pledged Revenues or the ability of the City to pay the Series 2012 Bonds from the Pledged Revenues. From time to time, the City is party to other various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the City or the System, but may, in the aggregate, have a material impact thereon. However, in the opinion of the City Attorney,

the City and/or its insurance carrier will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation which reports to the Florida Financial Services Commission (the "Commission"). Pursuant to administrative rulemaking, the Commission has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2012 Bonds because the City would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City would have been pledged or used to pay such securities or the interest thereon.

TAX MATTERS

General

Bond Counsel's opinion will state that, under current law and assuming the compliance with the Covenants (as defined below) by the City and the accuracy of certain representations and certifications, interest on the Series 2012 Bonds (including any accrued "original issue discount" properly allocable to the owners of the Series 2012 Bonds), is (a) excludable from the gross income of the owners of the Series 2012 Bonds for purposes of federal income taxation under Section 103 of the Code, and (b) not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2012 Bonds must be included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) under Section 56 of the Code. See Appendix D hereto for the form of the opinion of Bond Counsel.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2012 Bonds.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Series 2012 Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS"). The City has covenanted, however, to comply with the requirements of the Code.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the Series 2012 Bonds, Bond Counsel is relying upon and assuming the accuracy of representations and certifications of representatives of the City, the underwriters of the Series 2012 Bonds and other public officials as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants (as defined below) by the City. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2012 Bonds in order for interest on the Series 2012 Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2012 Bonds and the use of the property financed or refinanced by the Series 2012 Bonds, limitations on the source of the payment of and the security for the Series 2012 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2012 Bonds to the United States Department of the Treasury ("Treasury"). The tax certificate for the Series 2012 Bonds (the "Tax Certificate") contains covenants (collectively, the "Covenants") under which the City has agreed to comply with such requirements. Failure by the City to comply with the Covenants could cause interest on the Series 2012 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2012 Bonds from becoming includable in gross income for federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2012 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificate, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such document. Bond Counsel expresses no opinion concerning any effect on excludability of interest on the Series 2012 Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2012 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of such Series 2012 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2012 Bonds.

Prospective purchasers of the Series 2012 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Series 2012 Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any Series 2012 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2012 Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount

The "original issue discount" ("OID") on any Series 2012 Bond is the excess of such bond's stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of such bond. The "issue price" of a bond is the initial offering price to the public at which price a substantial amount of such bonds of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters,

placement agents or wholesalers. The issue price for each maturity of the Series 2012 Bonds is expected to be the initial public offering price set forth on the inside front cover page of this Official Statement but is subject to change based on actual sales. OID on the Series 2012 Bonds with OID (the "OID Bonds") represents interest that is excludable from gross income for purposes of federal income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year may be included in determining the alternative minimum tax with respect to the Series 2012 Bonds and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner may not have received cash in such year.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Effects of Future Enforcement, Regulatory and Legislative Actions

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2012 Bonds, the IRS will, under its current procedures, treat the City as the taxpayer. As such, the beneficial owners of the Series 2012 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2012 Bonds for

audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2012 Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various State legislatures. Such legislation may effect changes in federal or State income tax rates and the application of federal or State income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or State income tax purposes.

The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or State tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2012 Bonds, regulatory interpretation of the Code or actions by a court involving either the Series 2012 Bonds or other tax-exempt obligations will not have an adverse effect on the federal or State tax status of the Series 2012 Bonds, marketability or market price or on the economic value of the tax-exempt status of the interest on the Series 2012 Bonds.

Prospective purchasers of the Series 2012 Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or State tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

RATINGS

S&P, Moody's, and Fitch, respectively, have assigned ratings of "AA-" (stable outlook), "Aa3," and "AA" (stable outlook) to the Series 2012 Bonds. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2012 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Standard & Poor's, 55 Water Street, 38th Floor, New York, New York 10041 and Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, and Fitch Ratings, One State Street Plaza, New York, New York 10004.

FINANCIAL ADVISOR

The City has retained Larson Consulting Services, LLC, Orlando, Florida, as Financial Advisor (the "Financial Advisor") in connection with preparation of the City's plan of financing and with respect to the authorization and issuance of the Series 2012 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. Larson Consulting Services, LLC is an independent SEC and MSRB registered financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

FEASIBILITY CONSULTANT

The City has retained Burton & Associates to prepare the feasibility report included as Appendix F hereto. Such report should be read in its entirety.

Founded in 1998, Burton & Associates is a specialty firm providing financial planning and rate consulting services primarily to government agencies with an emphasis in the area of water resources. Burton & Associates has conducted more than 800 financial planning and rate studies for municipalities, counties, districts, quasi-governmental agencies (authorities), and private utilities using a truly integrated financial and capital planning approach. Burton & Associates has prepared numerous financial feasibility reports in support of municipal utility revenue bond financings.

INVESTMENT POLICY

Pursuant to Resolution 2006-34 of the City Council adopted on November 28, 2006, the Director of Finance of the City is authorized to invest and reinvest surplus funds in certain authorized investments consisting of:

1. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act as provided in Section 163.01, F.S.;

2. Direct obligations of the U.S. Government;

3. Obligations guaranteed by the U.S. Government as to principal and interest;

4. Time deposits and savings accounts in banks and savings and loan associations, organized under the laws of Florida or the United States and doing business and situated in this state, provided that any such deposits are secured by collateral as prescribed by Chapter 280, F.S.;

5. Obligations of the Federal Farm Credit Banks; the Federal Home Loan Mortgage Corporation, including Federal Home Loan Mortgage Corporation Participation Certificates; or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association;

6. Obligations of the Federal National Mortgage Association, including Federal National Mortgage Association Participation Certificates and mortgage pass-through certificates guaranteed by the Federal National Mortgage Association;

7. Repurchase and reverse repurchase agreements done through a commercial bank or government securities dealer, the underlying collateral of which shall be any U.S. government security describe under (2) in which the market value is equal to the full amount of the agreement, in accordance with the City's master repurchase agreement. Investment in repurchase agreements is limited to transactions in which the proceeds are intended to provide liquidity and for which the City has sufficient resources. A Master Repurchase Agreement shall be executed with each counter party detailing the requests of all authorized institutions/dealers involved in repurchase agreements on behalf of the City.

8. Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency;

9. Bankers' Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System , at the time of purchase, the short-term paper is rated at least "MIG-1" by Moody's, "SP-1" by Standards and Poor's and "F-1" by Fitch for short-term debt.

10. State and/or Local Government, either taxable or tax-exempt, Debt rated at least "AA" by Moody's, "AA" by Standards & Poor's, and "AA" by Fitch for long-term debt, or rated at least "MIG-1" by Moody's, "SP-1" by Standards and Poor's and "F-1" by Fitch for short-term debt.

The Finance Director is to prepare periodic annual reports for submission to City Council, which shall include securities in the portfolio by class or type, book value, income earned, and market value as of the report date, and an independent auditor is to review such report and address the City's adherence to such policy on an annual basis as part of the financial audit.

The City's investment policy may be modified by the City Council from time to time.

DEBT MANAGEMENT AND INTERFUND LOAN POLICY

Pursuant to Resolution No. 2008-21, the City Council has established a debt management policy for the City which includes the following provisions.

1. The City will consider the use of debt financing only for capital assets and improvement projects and only under the following circumstances:

- When the project's useful life will exceed the term of the financing.
- When project revenues or specific resources will be sufficient to service the long-term debt.
- Debt financing will be used for major, non-recurring items with a minimum of four years of useful life.

General-purpose annual debt service payments should generally not exceed 10% of General Fund revenues, and in no case should they exceed 15%.

Bond sales shall be structured to achieve level debt service payments to the extent possible taking into consideration the costs of such financings. Scheduling larger payments during the later years (back loading of debt payments) shall be avoided.

2. Interfund Borrowing. The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. The prevailing interest rate, as established by the Director of Finance, will be paid to the lending fund.

3. Variable Rate Debt. The City may issue securities that pay a rate of interest that varies according to pre-determined formula or results from a periodic remarketing of the securities, consistent with state law and covenants of pre-existing bonds, and depending on market conditions. The City will have no more than 15% of its outstanding bonds in variable rate form.

4. Short-term Debt. Short term obligations may be issued to finance projects or portions of projects for which the City ultimately intends to issue long term debt; i.e., it will be used to provide interim financing which will eventually be refunded with the proceeds of long term obligations with a tax or revenue pledge or a pledge of other available resources. The amount of short-term obligations due to mature in a year shall not exceed 5% of outstanding long-term debt.

The City goal will be to maintain a minimum ratio of utility revenue to debt service of 1.6/1 to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes and to ensure a balanced pay-as-you-go-capital improvement plan.

The City's debt management policy may be modified by the City Council from time to time.

FUND BALANCE POLICY

The City's fund balance policy establishes unrestricted/ unreserved fund balance policies for the City's general fund and for enterprise funds. Such policy provides that the targeted unreserved fund balance in the general fund is three months of operating expenses. In the enterprise funds, including the Utilities Fund, the targeted unreserved net asset balance is four months of operating expenses.

FINANCIAL STATEMENTS

The Audited Basic Financial Statements of the City for the Fiscal Year ended September 30, 2011, and report thereon of Moore Stephens Lovelace, P.A. (the "Independent Certified Public Accountants") are attached hereto as "APPENDIX B — Audited Basic Financial Statements for Fiscal Year Ended September 30, 2011." Such statements speak only as of September 30, 2011 and have been included in this Official Statement as public documents and the consent of the Independent Certified Public Accountants to include such documents herein was not requested. The Independent Certified Public Accountants were not requested nor did they perform any procedures with respect to the preparation of this Official Statement or the information presented herein.

UNDERWRITING

The Series 2012 Bonds will be purchased by RBC Capital Markets, LLC (the "Representative"), acting on behalf of itself and as representative of Raymond James & Associates, Inc., and Morgan Keegan & Company, Inc. (collectively, the "Underwriters") at an aggregate purchase price of $_____ (which includes a net original issue premium of $_____ and Underwriters' discount of $_____). The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2012 Bonds if any Series 2012 Bonds are purchased. The Series 2012 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2012 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

On April 2, 2012, Raymond James Financial, Inc. ("RJF'), the parent company of Raymond James & Associates, Inc. ("Raymond James"), acquired all of the stock of Morgan Keegan & Company, Inc. ("Morgan Keegan") from Regions Financial Corporation. Raymond James and Morgan Keegan are each registered broker-dealers. Both Raymond James and Morgan Keegan are wholly owned subsidiaries of RJF and, as such, are affiliated broker-dealer companies under the common control of RJF, utilizing the trade name "Raymond James|Morgan Keegan" that appears on the cover of this Official Statement. It is anticipated that the businesses of Raymond James and Morgan Keegan will be combined.

CONTINGENT FEES

The City has retained Bond Counsel, the Financial Advisor and Disclosure Counsel with respect to the authorization, sale, execution and delivery of the Series 2012 Bonds. Payment of the fees of such professionals and a discount to the Underwriters (including the fees of their counsel) are each contingent upon the issuance of the Series 2012 Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2012 Bonds upon an event of default under the Resolution, the Municipal Bond Insurance Policy and the 2012 Reserve Fund Insurance Policy are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Federal Bankruptcy Code, the remedies specified by the Resolution and the Series 2012 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C -- Summary of the Resolution" attached hereto for a description of events of default and remedies.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Series 2012 Bondholders to provide certain financial information and operating data relating to the City and the Series 2012 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file itself or through its dissemination agent annual financial information and operating data and the audited financial statements with each entity

authorized and approved by the Securities and Exchange Commission (the "SEC") to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the "Rule") either itself or through its dissemination agent. Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has also agreed to file notices of certain enumerated material events, when and if they occur, with the Repository either itself or through its dissemination agent. Currently, the City's dissemination agent is Digital Assurance Certification, L.L.C. ("DAC"), who was engaged in August, 2011.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the City prior to the issuance of the Series 2012 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2012 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. The City did not, in accordance with its applicable continuing disclosure obligation, timely file its audited financial statements for its Fiscal Years 2007, 2008, and 2009. Its audited financial statements for Fiscal Year 2010 were timely filed, and with the assistance of DAC, were timely filed for Fiscal Year 2011.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2012 Bonds, the security for the payment of the Series 2012 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2012 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Series 2012 Bonds, the City will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2012 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF VENICE, FLORIDA

By: _____
Mayor

By: _____
City Manager

By: _____
Director of Finance

APPENDIX A

General Information Concerning the City

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APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY

General

The City of Venice was incorporated during 1927 and celebrated its 85th anniversary on November 17, 2012. Venice is located in Sarasota County, in the southwestern part of the state, and is about an hour drive south of Tampa. Venice is one of four incorporated municipalities within Sarasota County. Venice, well known for its beaches, enjoys a semi-tropical climate with an average summer temperature of 83.5 degrees, and an average winter temperature of 63.6 degrees. The City currently occupies a land area of 16.73 square miles and serves a population of approximately 21,165, of which more than half are over the age of 65.

The economy of the City and Sarasota County is a blend of tourist and retirement industries, related service industries, light manufacturing and construction. The number of tourists visiting the County exceeds one million annually.

The combination of cultural and recreational facilities, together with the continuing expansion of programs and facilities, makes Venice and Sarasota County an ideal retirement area. Retirees contribute an important stabilizing effect on the City's economy since their incomes are affected very little by the cyclical nature of the economy and by unemployment levels.

The population of Venice has steadily increased over the past ten years from 18,151 in 2002 to 21,165 as of January 1, 2012 (estimated). The population increase is due primarily to net migration versus natural increases.

Government

The City

The City has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in a City Council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve three-year staggered terms, with two council members elected every year. The mayor is elected to serve a three-year term. The mayor and the council members are elected at large.

The City provides a full range of services that include public safety, the construction and maintenance of streets and other infrastructure, solid waste services, recreational activities, and cultural events. The City also provides utilities for water, wastewater, and storm water.

Public safety includes police protection and fire protection. Police protection is provided through the Police Department, which includes approximately 45 authorized police officers. The City's Fire Department operates 3 fire stations and has approximately 41 firefighters and officers.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to July 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the City Council.

General Obligation Credit Ratings

Three major rating institutions (Standard & Poor's, Moody's and Fitch) have evaluated the City's financial management, economic conditions and administrative practices. The bond ratings continue to reflect that the City's bonds have the characteristics of investment quality as shown below:

	Standard & Poor's	Moody's Investors Service	Fitch Ratings
General Obligation	AA-	Aa2	AA+

Transportation

Venice Municipal Airport ("VNC"), a general aviation airport, was home to approximately 220 aircraft and had 60,000 takeoffs and landings in fiscal year 2011. The airport is financially self-sufficient, has a significant impact on the local economy, and provides convenient access to the community for residents, businesses and visitors from anywhere in the U.S. In 2011, VNC commissioned a new Automated Weather Observation System so that pilots can obtain the most current weather information. The Airport Layout Plan ("ALP") was also approved in 2011. The ALP features future improvements which include the reconstruction of Runway 4-22, VNC's noise mitigation runway, and shifting Runway 13-31 southeast to enhance safety and preserve a neighboring residential community.

The Sarasota-Bradenton International Airport is located about 40 minutes north of the City.

The Florida Department of Transportation recently completed the widening of Interstate 75, between State Road 681 and River Road. Construction of an additional lane in each direction began in June 2010 and is expected to be complete in 2013.

Education

The Sarasota County School System operates as a separate political entity with its own taxing authority. The Sarasota County School Board is an elected body of five members which establishes educational policy. An appointed superintendent reports to the Sarasota County School Board and is responsible for the administration of the system.

Three four-year colleges and universities serve Sarasota County: New College of Florida, University of South Florida Sarasota-Manatee, and Ringling College of Art and Design.

Cultural and Recreational Facilities

Venice has been listed in many publications as being the "Shark's Tooth Capital of the World." It hosts an annual festival, the Shark's Tooth Festival, to celebrate the abundance of fossilized shark's teeth that can be found on its coastal shores.

Venice has more than 30 parks ranging in size from tiny pocket parks to the beach along the Gulf of Mexico. Venetian Waterway Park, a linear park that parallels both sides of the Intracoastal Waterway, provides almost 10 miles of waterfront view for exercise and recreational use. The recently restored Venice Train Depot is at the northeast end of the park. More history is available at the Historic Spanish Point in Osprey, an attraction that provides insight into the life and times of our early pioneers.

Sarasota, about 30 minutes north of the City, is the home of the Sarasota Orchestra, the John and Mable Ringling Museum of Art, the Florida State University Center for the Performing Arts, the Sarasota French Film Festival, the Sarasota Ballet, Sarasota Opera, Asolo Repertory Theatre and the Mote Marine Laboratory, a marine rescue, research facility and aquarium.

Sport fishing attracts numerous enthusiasts to the area.

Sarasota also is home to Ed Smith Stadium, where the Baltimore Orioles conduct spring training camp.

Tax and Demographic Statistics

The following is information on the City's tax and demographic profile. The information appearing in the tables on pages A-4 through A-9 is taken from the City's Comprehensive Annual Financial Report for the year ended September 30, 2011.

City of Venice, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Fiscal Years 2002 through 2011

Fiscal Year Ended 30-Sep	Real Property	Personal Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2011	$ 2,711,971,273	$ 148,656,919	$ 2,860,628,192	$ 3,674,071,034	77.86%
2010	3,013,357,280	159,619,018	3,172,976,298	4,088,276,603	77.61
2009	3,487,010,981	166,204,632	3,653,215,613	4,796,837,014	76.16
2008	4,178,548,461	190,054,283	4,368,602,744	5,679,281,890	76.92
2007	3,976,883,794	158,431,313	4,135,315,107	4,366,055,972	94.72
2006	2,928,778,736	128,729,536	3,057,508,272	4,150,313,277	73.67
2005	2,347,391,561	128,302,916	2,475,694,477	3,047,535,293	81.24
2004	1,982,706,434	116,707,378	2,099,413,812	2,565,227,475	81.84
2003	1,643,775,574	107,457,235	1,751,232,809	2,069,651,779	84.61
2002	1,427,159,602	105,589,689	1,532,749,291	1,770,721,289	86.56

City of Venice, Florida
Property Tax Rates
Direct and Overlapping Governments
Fiscal Years 2002 through 2011

	City of Venice			Overlapping Rates			
				Sarasota County	School District	SWFMWD	
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Total County Millage	Total School Millage	Total SWFWMD Millage	Total Direct & Overlapping Rates
2011	$ 2.779	$ 0.225	$ 3.004	$ 5.273	$ 7.901	$ 0.377	$ 16.555
2010	2.779	0.225	3.004	5.273	7.427	0.387	16.091
2009	2.779	0.205	2.984	5.127	7.045	0.387	15.543
2008	2.779	0.160	2.939	5.127	7.123	0.387	15.576
2007	3.129	0.215	3.344	5.554	7.210	0.422	16.530
2006	3.177	0.218	3.395	5.754	7.861	0.422	17.432
2005	3.225	0.287	3.512	5.750	7.860	0.420	17.542
2004	3.274	-	3.274	5.870	8.370	0.420	17.934
2003	3.355	-	3.355	5.940	8.790	0.420	18.505
2002	3.406	-	3.406	5.120	9.290	0.420	18.236

City of Venice, Florida
Property Tax Levies and Collections
Fiscal Years 2002 through 2011

Fiscal Year Ended 09/30	Total Tax Levy for Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
2011	$ 8,593,327	$ 8,249,561	96.0%	$ 25,903	$ 8,275,464	96.3%
2010	9,531,621	9,190,963	96.4	5,183	9,196,146	96.5
2009	10,898,897	10,492,073	96.3	3,872	10,495,945	96.3
2008	12,839,323	12,338,368	96.1	6,292	12,344,660	96.1
2007	13,828,494	13,382,891	96.8	3,069	13,385,960	96.8
2006	10,648,965	10,021,025	94.1	5,163	10,026,188	94.2
2005	8,694,639	8,664,540	99.7	(19,193)	8,645,347	99.4
2004	6,881,552	6,883,393	100.0	6,051	6,889,444	100.1
2003	5,874,963	5,866,206	99.9	2,847	5,869,053	99.9
2002	5,220,562	5,216,957	99.9	5,201	5,222,158	100.0

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of the tax levy. Taxes become delinquent on April 1 of each year, and tax certificates for the full amount of any unpaid taxes are sold at public auction prior to June 1 each year, and the proceeds collected are remitted to the City.

City of Venice, Florida
Demographic and Economic Statistics
Fiscal Years 2002 through 2011

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2011	21,165	$ 740,330,535	$ 34,979	11.0%
2010	22,176	749,526,624	33,799	12.5%
2009	22,146	1,068,655,230	48,255	11.6%
2008	22,149	1,029,618,414	46,486	4.3%
2007	21,584	897,397,968	41,577	3.0%
2006	20,800	839,404,800	40,356	2.6%
2005	20,035	743,558,955	37,113	3.2%
2004	20,035	576,226,635	28,761	4.6%
2003	19,265	554,080,665	28,761	4.6%
2002	18,151	522,040,911	28,761	4.6%

SOURCE:
(a) Bureau of Economic and Business Research, University of Florida. Resident population used in the City's Comprehensive Plan.
(b) Determined by multiplying population by per capita personal income.
(c) U.S. Census Bureau - American FactFinder
(d) Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics Program in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

NOTES: Statistics for unemployment rate are not available for City of Venice. Therefore, figures from North Port-Bradenton-Sarasota, FL Metropolitan Statistical Area were used.

City of Venice, Florida
Principal Property Taxpayers
Fiscal Year 2011

Taxpayer	2011 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Venice HMA Inc. (Venice Regional Medical Center)	$ 65,694,193	1	2.43%
PGT Industries, Inc.	38,600,812	2	1.43%
MHC-Bay Indies Vistas Inc	38,382,404	3	1.42%
Florida Power & Light Co.	23,720,809	4	0.88%
Sunrise AG Pelican Pointe, LLC (Aston Gardens at Venice, LLC)	21,675,500	5	0.80%
WCI Communities LLC	20,752,267	6	0.77%
Verizon	16,839,622	7	0.62%
Csh-ing Bella Vita LP	11,475,963	8	0.42%
Southwest Florida Retirement Ctr	11,259,179	9	0.42%
Triple Diamond	9,608,013	10	0.35%

City of Venice, Florida
Principal Employers
2011

Employer	2011 Employees	Rank	Percentage of Total County Employment
School Board of Sarasota County	5,549	1	3.89%
Sarasota County Government	3,241	2	2.27%
Sarasota Memorial Hospital	3,024	3	2.12%
Publix Super Markets	1,474	4	1.03%
Venice Regional Medical Center	1,400	5	0.98%
PGT Industries (Vinyl Tech)	1,118	6	0.78%
Sun Hydraulics Corporation	686	7	0.48%
Tervis Tumbler	670	8	0.47%
Doctors Hospital of Sarasota	624	9	0.44%
Sunset Automotive Group	600	10	0.42%
	18,386		12.88%
Total Sarasota County Employment:	142,696		

SOURCE: Sarasota County CAFR

NOTE: Statistics are for Sarasota County; not available for City of Venice

Florida Constitutional Limitations and Property Tax Reform

During recent years, various legislative proposals and constitutional amendments relating to ad valorem taxation and revenue limitation have been introduced in Florida. Many of these proposals sought to provide for new or increased exemptions to ad valorem taxation, to limit the amount of revenues that local governments could generate or otherwise restrict the ability of local governments in Florida to levy ad valorem taxes at recent historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would or might apply to or have a material adverse effect upon the City or its finances.

Several constitutional and legislative amendments affecting ad valorem taxes have been approved by voters in the past, including the following:

Save Our Homes Amendment. By voter referendum held on November 3, 1992, Article VII, Section 4 of the State Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) 3% of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all

urban consumers, U.S. City Average' all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status, such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. This amendment is known as the "Save Our Homes Amendment." The effective date of the amendment was January 5, 1993, and pursuant to a ruling by the Florida Supreme Court, it began to affect homestead property valuations commencing January 1, 1995, with 1994 assessed values being the base year for determining compliance.

Limitations on State Revenue Amendment. In the 1994 general election, Florida voters approved an amendment to the State Constitution which is commonly referred to as the "Limitation On State Revenues Amendment." This amendment provides that state revenues collected for any fiscal year shall be limited to state revenues allowed under the amendment for the prior fiscal year plus an adjustment for growth. Growth is defined as an amount equal to the average annual rate of growth in state personal income over the most recent twenty quarters times the state revenues allowed under the amendment for the prior fiscal year. State revenues collected for any fiscal year in excess of this limitation are required to be transferred to a budget stabilization fund until the fund reaches the maximum balance specified in the amendment to the State Constitution, and thereafter is required to be refunded to taxpayers as provided by general law. The limitation on state revenues imposed by the amendment may be increased by the State Legislature, by a two-thirds vote in each house.

The term "state revenues," as used in the amendment, means taxes, fees, licenses, and charges for services imposed by the State Legislature on individuals, businesses, or agencies outside state government. However, the term "state revenues" does not include: (1) revenues that are necessary to meet the requirements set forth in documents authorizing the issuance of bonds by the State; (2) revenues that are used to provide matching funds for the federal Medicaid program with the exception of the revenues used to support the Public Medical Assistance Trust Fund or its successor program and with the exception of State matching funds used to fund elective expansions made after July 1, 1994; (3) proceeds from the State lottery returned as prizes; (4) receipts of the Florida Hurricane Catastrophe Fund; (5) balances carried forward from prior fiscal years; (6) taxes, licenses, fees and charges for services imposed by local, regional, or school district governing bodies, or (7) revenue from taxes, licenses, fees and charges for services required to be imposed by any amendment or revision to the State Constitution after July 1, 1994. This amendment took effect on January 1, 1995, and was first applicable to Florida's fiscal year 1995-1996.

Millage Rollback Legislation. In 2007, the Florida Legislature adopted Chapter 2007-321, Laws of Florida, a property tax plan which significantly impacted ad valorem tax collections for State local governments. One component of the adopted legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 fiscal year to a level that, with certain adjustments and exceptions, would generate the same level of ad

valorem tax revenue as in fiscal year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by 0% to 9%. In addition, the legislation limits how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

Constitutional Amendments Related to Ad Valorem Exemptions. On January 29, 2008, in a special election held in conjunction with the State's presidential primary, the requisite number of voters approved amendments to the Florida Constitution exempting certain portions of a property's assessed value from taxation. The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between $50,000 and $75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than $75,000.

2. Permits owners of homestead property to transfer their "Save Our Homes Amendment" benefit (up to $500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Amendment benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed above, the Save Our Homes Amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation.

3. Exempts from ad valorem taxation $25,000 of the assessed value of property subject to tangible personal property tax.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10 year period, subject to extension by an affirmative vote of electors.

The amendments were effective for the 2008 tax year (fiscal year 2008-2009 for local governments).

Over the last few years, the Save Our Homes Amendment assessment cap and portability provisions described above have been subject to legal challenge. The plaintiffs in such cases have argued that the Save Our Homes Amendment assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property in violation of the equal protection provisions of the Florida Constitution and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution. The plaintiffs also argued that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-

term homeowners by Save Our Homes Amendment. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions; however, there is no assurance that any future challenges to such provisions will not be successful.

In addition to the legislative activity described above, the constitutionally mandated Florida Taxation and Budget Reform Commission (required to be convened every 20 years) (the "TBRC") completed its meetings on April 25, 2008 and placed several constitutional amendments on the November 4, 2008 General Election ballot. Three of such amendments were approved by the voters of Florida, which, among other things, do the following: (a) allow the Florida Legislature, by general law, to exempt from assessed value of residential homes, improvements made to protect property from wind damage and installation of a new renewable energy source device; (b) assess specified working waterfront properties based on current use rather than highest and best use; (c) provide property tax exemption for real property that is perpetually used for conservation (began in 2010); and, for land not perpetually encumbered, require the Florida Legislature to provide classification and assessment of land use for conservation purposes solely on the basis of character or use.

Recently Approved Constitutional Amendments Relating to Ad Valorem Taxation. Additionally, during its 2009 session, the Florida Legislature passed House Bill 833, which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the Legislature. The measure was approved by the voters at the November 2010 General election and took effect January 1, 2011.

Recent Constitutional Amendments. On November 6, 2012 the requisite number of voters approved amendments to the Florida Constitution (1) expanding the homestead exemption to disabled veterans who were not Florida residents when they entered military service, (2) a 100% exemption on the homestead property for the surviving spouse of:

- A military veteran who died from service-connected causes while on active duty as a member of the US armed forces; or

- A first responder (which includes a law enforcement officer, correctional officer, firefighter, emergency medical technician, or paramedic employed by the state or any political subdivision of the state) who died in the line of duty, and

(3) giving cities/counties the option to adopt an additional exemption for seniors that would exempt 100% of the assessed value of the property if the just value is less than $250,000; the property has been the owner's permanent residence for at least 25 years; the owner is 65; and the owner's household income is less than the limit established for the low-income senior exemption.

There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the City or its finances.

Retirement Plans

The information relating to the Florida Retirement System ("FRS"), the Defined Contribution Plan and the Police and Fire Uniformed Employees Retirement Plan (collectively, the "Plans") contained herein rely on information produced by the Plans and their independent accountants and actuaries. The actuarial assessments are forward-looking information that reflects the judgment of the fiduciaries of the Plans. Actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with future experience of the Plans.

The City provides separate defined benefit pension plans for general employees and for police and fire department personnel.

General Employees. *FRS* - All general full-time employees of the City, except for public safety officers, are covered by the FRS. The FRS was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. FRS membership is required for all employees of regularly established positions in a state agency, county agency, state university, state community college, or district school board; however, certain employees may be eligible to withdraw from the FRS or elect to participate in non-integrated option retirement programs. In addition, cities, municipalities, special districts, charter schools and metropolitan planning organizations have the option of participating in the FRS. If such entity elects to participate in the FRS, the election is generally irrevocable.

As of June 30, 2011, the FRS had 1,097,450 total members, including 318,341 retirees and beneficiaries (excluding general revenue and teachers, retirement system survivor benefit); 90,271 terminated vested participants; 45,092 DROP (as hereinafter defined) participants; 479,153 active vested participants; and 164,593 active non-vested participants. These members are categorized into five classes of membership: (1) Senior Management Service Class ("SMSC") members which include senior management level positions in state and local governments and assistant state attorneys, prosecutors and public defenders; (2) Special Risk Class which includes positions such as law enforcement officers, firefighters, correctional officers, emergency medical technicians and paramedics; (3) Special Risk Administrative Support Class which include non-special risk law enforcement, firefighting, emergency medical care or correctional administrative support positions within a FRS special risk-employing agency; (4) Elected Officers, Class ("EOC") which includes members who are elected state and county officers and the elected officers of cities and special districts that choose to place their officials in this class; and (5) Regular Class members includes all members that do not qualify for membership in the other classes.

For those members who enrolled in the FRS defined benefit plan (the "FRS Pension Plan") prior to July 1, 2011, benefits under the FRS Pension Plan vest after six years of service for all membership classes. Regular Class, SMSC and EOC members are eligible for normal retirement with six or more years of creditable service and an age 62 or higher, or 30 years of creditable service regardless of age. Special Risk Class and Special Risk Administrative Support Class members are eligible for normal retirement with six or more years of special risk class service and at age 55 or higher, or 25 years of special risk service regardless of age. With up to four years of active duty wartime service and a total of 25 years of service including special risk

service, the retirement age drops to age 52. Without at least six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the retirement requirements of the Regular Class. Regardless of class, a member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to normal retirement age. The Florida Constitution prohibits increasing benefits without concurrently providing for funding the increase on a sound actuarial basis.

The Florida Legislature passed Senate Bill 2100 ("SB 2100") during its 2011 session. SB 2100 has made a number of changes applicable only to members enrolling in the FRS Pension Plan after July 1, 2011, including: (1) changing the vesting requirement from six years to eight years; (2) changing the average final compensation calculation from the average of the five highest fiscal years of salary to the eight highest fiscal years of salary; and (3) changing the normal retirement date for (a) Regular, Senior Management Service, Elected Officers and Special Risk Administrative Support classes to age 65 with eight years of service or 33 years of service regardless of age, and (b) Special Risk Class to age 60 with eight years of Special Risk Class service, or 30 years of Special Risk Class service regardless of age, or age 57 with 30 years of combined Special Risk class service and military service. See "Litigation Relating to SB 2100" herein.

The FRS Pension Plan calculates its benefits on the basis of age, average final compensation, creditable years of service and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors, benefits. Pursuant to SB 2100, there are no FRS Pension Plan cost-of-living adjustments earned on and after July 1, 2011. However, there will be a reduced cost-of-living adjustment if member's retirement or DROP participation date is on or after August 1, 2011.

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. For those members who entered DROP prior to July 1, 2011, such member's benefits will earn monthly interest at an equivalent annual rate of 6.50%. For those members who entered DROP on and after July 1, 2011, the annual interest rate shall equal 1.3% per year. Authorized instructional personnel may participate in the DROP for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2011, the FRS Trust Fund projected $2,543,635,828 in accumulated benefits and interest for 36,890 current and prior DROP participants.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans. The Department of Management Services ("DMS"), Division of Retirement administers the FRS Pension Plan and the State Board of Administration invests the assets of the FRS Plan held in the FRS Trust Fund. Administration costs of the FRS Pension Plan are funded through the investment earnings of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The State Board of Administration ("SBA") administers the Public Employee Optional Retirement Program (the "FRS Investment Plan"), an alternative defined contribution plan available to all FRS members. Retirement benefits are based upon the value of the member's account upon retirement. Regardless of membership class, FRS Investment Plan contributions vest after one year of service. If a member elects to transfer amounts from the FRS Pension Plan to that member's the FRS Investment Plan account, the member must meet the six-year vesting requirement for any such transferred funds and associated earnings. The FRS Investment Plan is funded by employer contributions that are based on salary. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Administration costs of the FRS Investment Plan are funded through a 0.05% employer contribution and forfeited benefits. Disability coverage is provided under the FRS Investment Plan. Members of the FRS Investment Plan vest after eight years for non-duty related disability benefits and may elect to surrender their account balance to the FRS Trust Fund to receive guaranteed monthly benefits under the FRS Pension Plan, or members may keep their account balance to fund future retirement needs in lieu of guaranteed monthly benefit payments. The member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution or leave the funds invested for future distribution.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan. Employer contribution rates are based on a level percentage of payrolls and are determined using the entry-age actuarial cost method. Pursuant to SB 2100, beginning on July 1, 2011, all FRS Pension Plan and FRS Investment Plan members (except those in DROP) are required to contribute 3% on a pre-tax basis. The City is required to contribute to the FRS an amount equal to a variable percentage of each employee's salary, where the percentage is based upon the employees statutory classification. The City was required to contribute 4.91% effective July 1, 2011, of covered employees gross wages for regular employees. The City contribution for the fiscal year ended September 30, 2011 was $919,958.

The chart below shows the annual required contribution (the "ARC") by all participating employers to the FRS and the percentage of such contribution to the ARC:

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE FLORIDA RETIREMENT SYSTEM
(000 Omitted in dollar amounts)

Fiscal Year	State Contributions	Non-State Contributions	Employee Contributions	Total Contributions	Annual Required Contribution[1]	Percentage Contributed
2005	$519,531	$1,547,700	$30,556	$2,097,787	$2,141,862	102%
2006	538,498	1,781,878	30,723	2,351,099	2,193,928	96
2007	671,356	2,366,330	28,112	3,065,798	2,455,255	111
2008	672,485	2,520,215	96,767	3,289,467	2,612,672	107
2009	678,777	2,556,630	138,264	3,373,671	2,535,854	111
2010	687,182	2,463,578	23,416	3,174,176	2,447,374	111
2011	765,984	2,720,845	32,932	3,519,761	3,680,042	83

(1) Annual Required Contributions are determined by the Actuarial valuation of the RFS Pension Fund.
Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 206 – June 30, 2011.

Any unfunded actuarial accrued liability ("UAAL") is required to be amortized within 30 years. Section 121.031(3)(f), Florida Statutes, provides that any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level dollar basis. Generally, the UAAL estimates on the basis of demographic and economic assumptions, the present value of pension benefits that employers owe to their active and retired members based on past years of service. The actuarial value of assets is the value of cash, investments and other property belonging to the FRS Plan using a five-year smoothing method that smoothes the difference between the market value of assets and the actuarial value of the plan assets over a five year period to prevent short term fluctuations that may result from market or economic conditions. The actuarial valuations also compare the actuarial accrued liability with the actuarial value of assets for the employees and any excess of that liability over the assets forms an UAAL. The actuarial valuations also express the percentages that the pension plans are funded through a "funded ratio" which represents the quotient obtained by dividing the actuarial value of assets of the pension plan by the actuarial accrued liability of such plan. As of June 30, 2011, the balance of legally required reserves for all defined benefit pension plans was $126.65 billion. Such funds are reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

The FRS Trust Fund assets are invested by the SBA. The assumed rate of investment return for the Fiscal Year ended June 30, 2011 was 7.75%, with the actual return calculated on the basis of fair value which was 22.09%. As of June 30, 2011, the FRS Trust Fund was valued at $128.53 billion and invested in the classes and approximate percentages as follows:

Global Equities	60.2%
Fixed Income	24.8
Real Estate	6.5
Private Equity	4.4
Strategic Investments	3.2
Cash	0.9

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2010 — June 30, 2011.

The chart below shows the funding progress for the FRS which presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHEDULE OF FUNDING PROGRESS
FOR THE FLORIDA RETIREMENT SYSTEM
(000 Omitted in dollar amounts)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded ML (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)[1]	UAAL As % of Covered Payroll (b-a)/c
7/1/05	$111,539,878	$103,925,948	$(7,614,380)	107.33%	$24,185,938	(31.48)%
7/1/06	117,159,615	110,977,831	(6,181,784)	105.57	25,327,922	(24.41)
7/1/07	125,584,704	118,870,513	(6,714,191)	105.65	26,385,768	(25.45)
7/1/08	130,720,547	124,087,214	(6,633,333)	105.35	26,891,340	(24.67)
7/1/09[2]	118,764,692	136,375,597	17,610,905	87.09	26,573,196	66.27
7/1/10[3]	120,929,666	139,652,377	18,722,711	86.59	25,765,362	72.67
7/1/11	126,078,053	145,034,475	18,956,422	86.93	25,686,138	73.80

(1) Payroll includes DROP payroll.
(2) As reported in July 1, 2009 actuarial valuation report, prior to impact of House Bill 479 (2009).
(3) As reported in July 1, 2010 actuarial valuation report, prior to impact of Senate Bill 2100 (2011).
Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2006 – June 30, 2011.

MARKET VALUE OF ASSETS
(000 Omitted in dollar amounts)

Fiscal Year	Market Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Funded Ratio (%) (a/b)
2005	$109,875,206	$103,925,948	105.72%
2006	118,354,931	110,977,831	106.65
2007	136,280,545	118,870,513	114.65
2008	126,936,897	124,087,214	102.30
2009	99,579,208	136,375,597	73.02
2010	109,344,318	139,652,377	78.30
2011	128,532,863	145,034,475	88.62

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2006 – June 30, 2011.

SUMMARY OF ACCRUED AND UNFUNDED ACTUARIAL LIABILITIES
FOR THE FLORIDA RETIREMENT SYSTEM
(000 Omitted in dollar amounts)

Actuarial Valuation Date	Accrued Liabilities	Actuarial Valuation Assets	Funding Ratio (Assets/Liabilities)	Unfunded Actuarial Liability (UAL)	Annualized Payroll (Active Members)	Unfunded Actuarial Liability/Payroll
7/1/05	$102,529,016	$111,539,878	109%	$(9,010,862)	$24,185,983	(37)%
7/1/06	109,519,043	117,159,615	107	(7,640,572)	25,327,922	(30)
7/1/07	117,359,375	125,584,704	107	(8,225,329)	26,385,768	(31)
7/1/08	122,532,299	130,720,547	107	(8,188,248)	26,891,340	(30)
7/1/09	134,204,076	118,764,692	89	15,439,384	26,573,196	58
7/1/10	137,635,012	120,929,666	88	16,705,346	25,765,362	65
7/1/11	144,122,816	126,078,053	87	18,044,763	25,686,138	70

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2006 – June 30, 2011.

The information presented in the above schedules was determined as part of the actuarial valuations performed at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	July 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Equivalent Single amortization period[1]	30 years
Asset valuation method	5-year Smoothed Method
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases[2]	5.85%
Includes inflation at	3.00%
Cost-of-Living Adjustments	3.00%

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(1) Used for GASB Statement 27 reporting purposes.

(2) Includes individual salary growth of 4.00% plus an age-graded merit scale defined by general and employment class.

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2006 – June 30, 2011.

The City's liability for participation in the FRS is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the City. The City's contributions to the FRS for fiscal years ended September 30, 2009, June 30, 2010 and June 30, 2011, totaled $1,111,648, $1,007,675 and $919,958, respectively, which were equal to the required contributions for each fiscal year.

Litigation Relating to SB 21/200. The Florida Legislature passed SB 2100 during its 2011 session, which was signed by Governor Rick Scott on May 20, 2011. SB 2100 makes significant changes to the FRS with respect to employee contributions and employer contributions, among other items. Effective July 1, 2011, all members of FRS were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class and subclass of the FRS. For fiscal year ended June 30, 2011, contribution rates ranged from 10.77% to 23.25% of annual covered payroll. Under SB 2100, employer contribution rates range from 4.91% to 14.10% of annual covered payroll. The bill eliminated the cost of living adjustment for all FRS employees for service earned on or after July 1, 2011, although the bill does contemplate reinstatement of the adjustment in 2016 under certain circumstances.

Although no further action is required on the part of the Florida Legislature to implement the amendments in SB 2100, on June 20, 2011, the Florida Education Association and the Police Benevolent Association, joined by the Florida Public Services Union, a chapter of the Service Employees International Union and Teamsters Local 385 (collectively, the "FRS Plaintiffs"), filed a lawsuit in Circuit Court in Tallahassee, Florida challenging the above described legislative changes with respect to existing FRS members. The lawsuit alleges SB 2100 unlawfully impairs state employee contracts, constitutes a taking of private property without full compensation and violates public employees, constitutional right to collective bargaining by effectively removing the subject of retirement from the collective bargaining process. On March 6, 2012, the Circuit Court granted the FRS Plaintiffs, motion for summary judgment finding there is no genuine issue as to any material fact. The Circuit Court held the challenged portions of SB 2100 constituted an unconstitutional impairment of the FRS Plaintiffs, contract

with the State by changing the FRS from a noncontributory plan with a cost-of-living adjustment to a contributory plan without a cost-of-living adjustment. The Circuit Court also held the mandatory 3% employee contribution to the FRS and the elimination of the cost-of-living adjustment constituted a taking of private property for a public use without full compensation being paid. Finally, the Circuit Court held SB 2100 abridges the right of public employees to collectively bargain over wages, hours and other terms or conditions of employment. This decision was appealed to the Florida Supreme Court, which heard oral arguments on September 7, 2012. A decision of the Supreme Court is pending. As such, there will be no immediate impact on the City's budget. However, if the FRS Plaintiffs are ultimately successful on appeal, the impact to the City's finances could be substantial given the current State economy.

SB 2100 makes other changes to the FRS that only apply to employees who initially enroll on or after July 1, 2011, including: (1) the average final compensation upon which retirement benefits are calculated will be based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement; (2) the DROP is maintained but the interest accrual rate will be reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six). The litigation referenced above did not challenge these changes.

FIREFIGHTER'S PENSION PLAN

The following information regarding the City's pension plans and Other Post-Employment Benefits has been taken from the City's Comprehensive Annual Financial Report for the year ended September 30, 2011.

The City's Firefighters' Pension Plan, a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 175. The City's total current year payroll for fire personnel for the year ended September 30, 2011, was $3,328,354. At September 30, 2011, membership in such plan consisted of:

Retirees, disabled participants, and beneficiaries:	
Currently receiving benefits.	38
Terminated employees entitled to benefits but not yet receiving them.	1
Current employees:	
Vested	15
Nonvested	26
Total	80

The Plan covers permanent City of Venice firefighters. Any participant who has credited service of 10 years and has attained age 55, or 25 years of credited service is eligible to receive benefits. Such a retiree would receive a normal retirement benefit of 3.50% of average final compensation for each year of credited service, plus $175 per month, provided however, in no event shall the monthly benefit exceed one hundred percent of the average final compensation. The Plan provides for early retirement upon obtaining the age of 50 and 10 years of credited

service, or the completion of 20 years of credited service regardless of age. Early retirement benefits are reduced 2% per year.

The Plan provides disability benefits for both duty related and off-duty related disabilities. The benefit for line of duty disabilities is computed at 50% of the average final salary at the time of disability. The benefit for off-duty disabilities is computed at 50% of the average final salary at the time of disability, provided there are five or more years of credited service. The Plan also provides death benefits for both duty related and off-duty related deaths. For non-service incurred deaths with less than five years of credited service, the benefit is equal to 100% of the participant's contributions. If the participant has five or more years of service, the benefit is computed at 50% of average final compensation.

Participants are required to contribute 9.75% of their annual salary to the Plan. If an employee separates service from the City before achieving ten years of credited service, the employee will receive 100% of their contributions. Other contributions are received from the State of Florida and the City. The State of Florida contribution results from the City's share of insurance tax. The City contributes an amount equal to the difference between the total aggregate employee and state contributions for the year and the total cost for the year as shown by the most recent actuarial valuation.

POLICE OFFICERS' PENSION PLAN

The City's Police Officers' Pension Plan, a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 185. The City's total current year payroll for police personnel for the year ended September 30, 2011 was $4,454,595. At September 30, 2011 membership of such plan consisted of:

Retirees, disabled participants, and beneficiaries:	
Currently receiving benefits.	40
Terminated employees entitled to benefits but not yet receiving them.	6
Members in DROP	5
Current employees:	
Vested	15
Nonvested	27
Total	93

The Plan covers permanent City of Venice police officers. Normal eligibility for retirement benefits is based on 10 years of credited service if the participant has attained age 50, or 25 years of credited service. Such a retiree would receive a normal retirement benefit of 3.50% of average monthly earnings times credited service, plus $175 per month. Average (monthly) final compensation is one-twelfth (1/12) of the average salary of the highest five years of service during the last ten years of credited service prior to retirement, termination, or death, or the career average as a full-time police officer, whichever is greater.

The Plan provides disability benefits for both duty related and non-duty related disabilities. The benefit is computed at 62.5% (service incurred) or 50% (nonservice incurred) of salary at time of disability, plus $175 per month, only after five years of credited service for a non-service incurred disability. The Plan also provides for early retirement upon obtaining the age of 50 and having 10 years of credited service or having 20 years of credited service with deferred benefits payable at the normal retirement date or an actuarially reduced benefit payable immediately. Death benefits are similar to disability benefits, with payments being made to the surviving spouse or dependent children.

Participants are required to contribute 7.25% of their annual salary to the Plan. If an employee separates service from the City before achieving ten years of credited service, the employee will receive 100% of their contributions. Other contributions are received from the State of Florida and the City of Venice. The State of Florida contribution results from the City's share of insurance tax. The City of Venice is required to fund any deficiencies between the total actuarial contribution requirement and the State Casualty Insurance premium tax and the employee contributions.

A defined retirement option plan ("DROP") is provided to members who are age 50 and have 10 years of credited service, or who have 25 years of credited service. To electing participants, the receipt of their service pension, calculated as of the DROP date, is deferred for up to 60 months. A cash lump sum payment (options available) is made at termination of employment.

Funding status and progress

FIREFIGHTERS' PENSION PLAN

As of October 1, 2011, the actuarial accrued liability in excess of assets was $17,879,292 determined as follows:

Total Actuarial Accrued Liability	$	32,532,658
Actuarial Value of Assets (market value was $13,573,304)		14,653,366
Actuarial Accrued Liability in Excess of Assets	$	17,879,292

POLICE OFFICERS' PENSION PLAN

As of October 1, 2011, the actuarial accrued liability in excess of assets was $11,222,229, determined as follows:

Total Actuarial Accrued Liability	$	35,058,254
Actuarial Value of Assets (market value was $21,945,403)		23,836,025
Actuarial Accrued Liability in Excess of Assets	$	11,222,229

Other Post-Employment Benefits (OPEB)

1. Plan Description - The City administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). The plan provides health insurance and prescription drug coverage for eligible retirees and their eligible dependents through the City's health insurance program, which covers both active and retired employees. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. In addition, the City's program has elected to provide a substantial subsidy to its retirees to offset the cost of such health insurance.

The contribution requirements of plan members and the City are established and may be amended by the City Council. These contributions are neither mandated nor guaranteed. The City has retained the right to unilaterally modify its payment for retiree health care benefits. As previously indicated, the State of Florida prohibits the City from separately rating retirees and active employees. The City therefore charges both groups an equal, blended premium. Although both groups are charged the same blended rate, GAAP requires the actuarial figures presented to be calculated using age-adjusted premiums approximating claim costs for retirees' separate from active employees. The use of age-adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. The City has elected to contribute to the OPEB Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the OPEB Plan.

Effective January 1, 2012, the terms of the Post-Retirement Health Plan were substantially changed. Effective January 1, 2012, Medicare eligible retirees have the option of switching to a Medicare Advantage plan with 70% paid by the City and 30% paid by the retiree. This cost sharing will be changed annually to attain a 50/50 split by January 1, 2016. Premiums paid by non-Medicare eligible retirees will increase to $200 for individual coverage ($400 one dependent, $621 two or more) and will increase 20.5% per year through January 1, 2016 to achieve 50/50 split. Following January 1, 2016, all new retirees will be required to pay 100% of the health plan premium.

Since the plan is unfunded, there are no plan assets to report. The OPEB Plan liability as of September 30, 2012 was $22,615,300, which the City intends to fund on a pay as it goes basis.

For additional information regarding the City's pension plans and Other Post-Employment Benefits, please refer to Appendix B hereto.

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APPENDIX B

Audited Basic Financial Statements for the Fiscal Year Ended September 30, 2011

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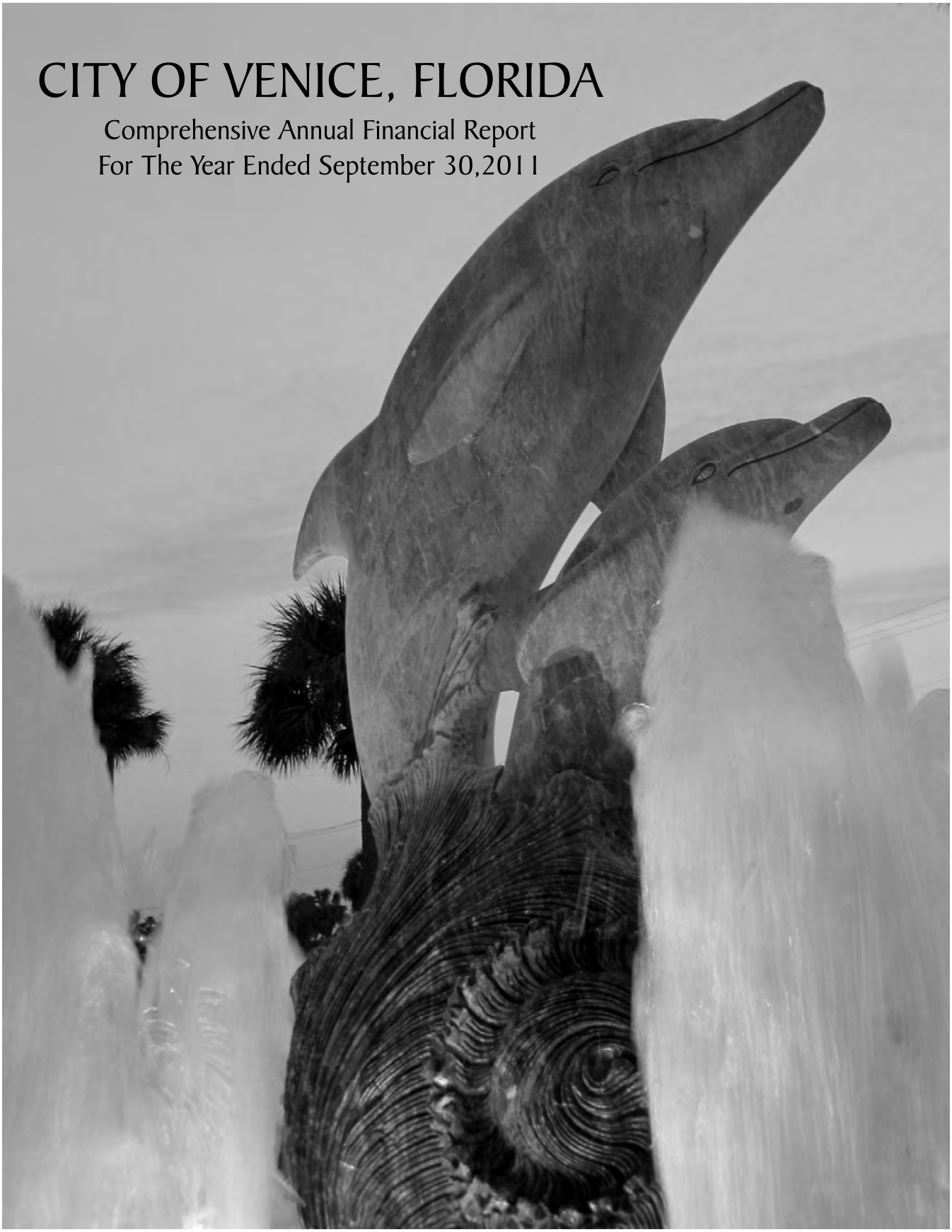
CITY OF VENICE, FLORIDA

Comprehensive Annual Financial Report
For The Year Ended September 30,2011



Graser Park Fountain

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

OF THE

CITY OF VENICE, FLORIDA

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2011

PREPARED BY THE

OFFICE OF THE FINANCE DIRECTOR

Jeff L. Snyder, CPA

FINANCE DIRECTOR

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City of Venice, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2011

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Venice, Florida
"City on the Gulf"

March 30, 2012

Honorable Mayor, City Council, and Citizens of the City of Venice, Florida:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Venice, Florida (City) for the fiscal year ended September 30, 2011. The purpose of this report is to provide the City Council, citizens, representatives of financial institutions and others with detailed information concerning the financial condition and performance of the City of Venice. In addition, the report provides assurance that the City presents fairly, in all material respects, its financial position as verified by independent auditors.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

March 30, 2012

PROFILE OF THE GOVERNMENT

The City, incorporated during 1927, is located in Sarasota County, the southwestern part of the state. Venice, well known for its beautiful beaches, enjoys a semi-tropical climate with an average summer temperature of 83.5 degrees, and an average winter temperature of 63.6 degrees. The City currently occupies a land area of 16.73 square miles and serves a population of 21,165. The City is empowered to levy a property tax on real property and personal property located within its boundaries. The City is also empowered by state statutes to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in a city council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve three-year staggered terms, with two council members elected every year. The mayor is elected to serve a three-year term. The mayor and the council members are elected at large.

The City provides a full range of services that include public safety, the construction and maintenance of streets and other infrastructure, solid waste services and recreational activities and cultural events. The City also provides utilities for water, wastewater, and storm water.

Public safety includes police protection and fire protection. Police protection is provided through the Police Department, which includes 45 authorized police officers. The City's Fire Department operates 3 fire stations and has 41 firefighters and officers.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to July 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for the general fund as part of the basic financial statements.

LOCAL ECONOMY

The City currently faces the same economic environment as the rest of the nation. The slow down in the economy and local indicators point to a significant slow down in new housing construction while home sales have plummeted. The economy of the City and Sarasota County is a blend of tourist and retirement industries, related service industries, light manufacturing and construction. The number of tourists visiting the County exceeds one million annually.

The combination of cultural and recreational facilities, together with the continuing expansion of programs and facilities makes Venice and Sarasota County an ideal retirement area. Retirees contribute an important stabilizing effect on the City's economy since their incomes are affected very little by the cyclical nature of the economy and by unemployment levels.

The population of Venice has steadily increased over the past ten years from 18,151 in 2002 to 21,165 as of January 1, 2012 (estimated). The population increase is due primarily to net migration versus natural increases. The taxable value on real property decreased 5.3% during the year. This trend continues as the nation struggles through the great recession. In Sarasota County housing prices have continued to fall and are estimated to be at 2002 prices or less. This will continue to impact the fiscal year 2011-2012 operations as well as our future fiscal years.

LONG-TERM FINANCIAL PLANNING

The City uses a five-year model for long-range planning in the general fund and all enterprise funds. The plans, including a five-year capital improvement plan, are updated annually. The City Council's main objectives are: A) To preserve the quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, B) To respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect the City's financial well being, C) To protect the City from emergency fiscal crisis by ensuring the maintenance of service even in the event of an unforeseen occurrence, and D) To maintain a strong credit rating in the financial community through sound, conservative financial decision-making.

Additionally the City Council has established a preference for pay-as-you-go financing as a significant capital financing source, but will ultimately determine the most appropriate financing structure for each capital project on an individual basis after examining all relevant factors of the project. Fund balances in excess of required debt and other continuing obligations may be used as a capital source for pay-as-you-go financing.

RELEVANT FINANCIAL POLICIES

The annual budget should be maintained in such a manner as to avoid an operating fund deficit. The annual budget should show fiscal restraint. Expenditures should be managed to create a positive cash balance (surplus) in each fund at the end of the fiscal year.

The City maintains a prudent cash management and investment program in order to meet daily cash requirements and earn the maximum rate of return on invested funds commensurate with appropriate security.

The City should maintain sufficient reserves of no less than 3 months of general fund expenditures.

Accounting systems are maintained in order to facilitate financial reporting in conformance with Generally Accepted Accounting Principles.

An annual financial audit is prepared in conformance with Florida state law.

March 30, 2012

MAJOR INITIATIVES

Due to the challenging economic times the City's revenues have been declining. Through staff's initiatives, General Fund expenditures were reduced in the past several years and by approximately $438,000 in the current year. Overall, 9 positions were eliminated in fiscal year 2011. City staff continues to look for ways to do more with less to get through the economic downturn and minimize the impact on services provided to the citizens.

Venice City Council approved a new fee schedule for building permits and land development fees that went into effect in fiscal year 2011. The new fee schedule is part of the Development Services Partnering 4 Success Program, which includes enhanced customer service training, streamlining processes, and initiating advanced technology to make doing business with the City an easier and more pleasant experience. Also, the Building Department has the ability to waive permit fees related to defective drywall remediation, including demolition of the tainted product and installation of the replacement product. Improved customer service initiatives through implementation of various permit process features such as plan tracking, inspection scheduling, online payment and application submittal with Click2Gov online services module.

City Council approved and implemented a utility rate increase that went into effect July 1, 2010 with a scheduled rate increase effective October 1, 2011. However, City Council suspended the October 1, 2011 rate increase to obtain a water and sewer utility rate study to determine the best way to satisfy the annual operating and capital cost requirements, to ensure compliance with terms of existing indebtedness, to establish and maintain adequate operating reserves, and create incentives for water conservation. This rate study resulted in a 3% increase to go into effect April 2012 and then again every October for the next five years.

Initiated a Water Master Plan effort that will provide a comprehensive evaluation of our water supply, water treatment, and water distribution system. Also, initiated a Wastewater Master Plan effort that will provide a comprehensive evaluation of our wastewater collection, transmission, treatment, and disposal systems. Information resulting from these two studies will be critical in the future operation and improvements of our drinking water and wastewater systems.

On December 21, 2010 the City's Comprehensive Plan was found in compliance by the Florida Department of Community Affairs. The Adopted Comprehensive Plan provides the direction and guidance enabling Venice to maintain and enhance those attributes that make the City a desirable place to live, work, learn and play. The Comprehensive Plan, which is updated every 7 years, is designed to preserve and enhance the public health, safety and welfare through the management of growth, provision of adequate public services and the protection of natural resources. The Comprehensive Plan includes goals, objectives and policies for each of the State required elements including, land use, housing, transportation, utilities, and environmental issues for a 20 year planning horizon. Some of the elements contain level of service standards requiring that development be managed to maintain the adopted standard (concurrency). The Comprehensive Plan also plays a significant role within Florida's growth management system. It is required to be consistent with the State Comprehensive Plan (Chapter 187, Florida Statutes), and to be consistent with the Regional and Sarasota County Comprehensive Plans.

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
March 30, 2012

Venice Municipal Airport (VNC) was home to approximately 220 aircraft and 60,000 takeoffs and landings in fiscal year 2011. The airport is financially self-sufficient, has a significant impact on the local economy and provides convenient access to the community for residents, businesses and visitors from anywhere in the U.S. In 2011, VNC commissioned a new Automated Weather Observation System so that pilots can obtain the most current weather information. The Airport Layout Plan (ALP) was also approved in 2011. The ALP features future improvements which include the reconstruction of Runway 4-22, VNC's noise mitigation runway, and shifting Runway 13-31 southeast to enhance safety and preserve a neighboring residential community.

FDOT widening of Interstate 75, between State Road 681 and River Road. Construction of an additional lane in each direction began in June 2010 and is expected to be complete in 2013.

With the cost of healthcare trending upward at a rate of 12% annually, the city implemented some health care initiatives including increasing healthcare contribution rates for retirees effective January 1, 2012 with the objective of a 50/50 contribution split between the City and retiree in the retiree health insurance rates within a five (5) year period.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Venice for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2010. This was the twenty fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the City's departments who assisted with and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their support for maintaining the highest standards of professionalism in the management of the City of Venice's finances.

Respectfully submitted,

Edward F. Lavallee, MPA
City Manager

Jeff L. Snyder, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Venice Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY OF VENICE, FLORIDA

COUNCIL-MANAGER FORM OF GOVERNMENT

CITY COUNCIL

John Holic, Mayor

Thomas "Kit" McKeon-Vice Mayor

Emilio Carlesimo

Jeanette Gates

James Bennett

Bob Daniels

Dave Sherman

CITY MANAGER

Edward F. Lavallee, MPA

FINANCE DIRECTOR

Jeff Snyder, CPA

CITY CLERK

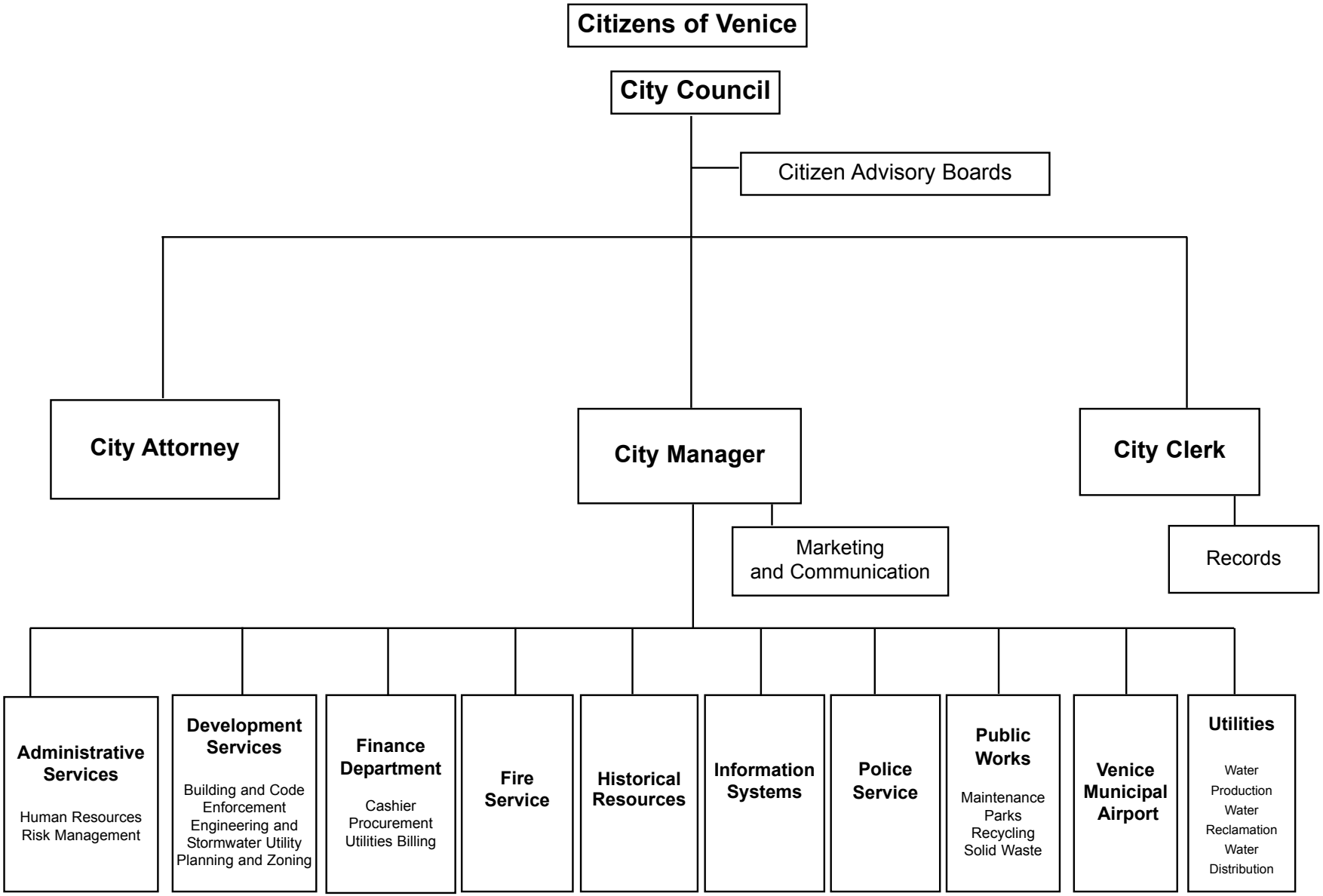
Lori Stelzer, MMC

CITY ATTORNEY

Hall & Anderson

For Year 2011-2012

CITY OF VENICE ORGANIZATIONAL CHART



FINANCIAL SECTION

- **INDEPENDENT AUDITOR'S REPORT**
- **MANAGEMENT'S DISCUSSION AND ANALYSIS**
- **GOVERNMENT-WIDE FINANCIAL STATEMENTS**
- **FUND FINANCIAL STATEMENTS**
- **NOTES TO BASIC FINANCIAL STATEMENTS**
- **COMBINING FUND STATEMENTS AND SCHEDULES**

VENICE
CITY ON THE GULF

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MOORE STEPHENS
LOVELACE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Venice, Florida

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Venice, Florida (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2011, and the respective changes in financial position, and cash flows, where applicable, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated March 30, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Mayor and City Council
City of Venice, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund statements and schedules, and the statistical section, as listed in the table of contents, are presented for additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Moore Stephens Lovelace, P.A

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 30, 2012

Management's Discussion and Analysis
For the Year Ended September 30, 2011
(unaudited)

As management of the City of Venice, Florida (City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011.

We encourage readers of these financial statements to consider the information included in the transmittal letter and in the other sections of the Comprehensive Annual Financial Report (CAFR) (e.g., combining statements and the statistical section) in conjunction with this discussion and analysis.

Financial Highlights

These financial highlights summarize the City's financial position and operations as presented in more detail in the Basic Financial Statements (BFS), as listed in the accompanying Table of Contents.

- At the close of fiscal year 2011, the City's assets exceeded liabilities by $160.1 million (net assets). Of this amount, $24.8 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net assets decreased by $2.1 million, or 1.3%, in comparison to the prior year. Net assets of the business-type activities increased by $4.5 million, and net assets of the governmental activities decreased by $6.6 million.

- All of the City's business-type activities reported combined ending net assets of $88.8 million. Of this amount $11.6 million is available for spending at the City's discretion.

- The General Fund's fund balance decreased by $1.8 million for the year ended September 30, 2011.

- At the end of the current year, fund balance for the General Fund was $13.0 million, or 58.6% of total general fund expenditures and transfers. Of this amount, the reserved fund balances of $5.2 million are for nonspendable inventories and prepayments, advances to other funds, and amounts committed or restricted for capital improvements. $7.8 million is unassigned; of this amount $5.5 million is for disaster reserve and $2.3 million is available for any purpose.

- The City's total debt decreased by $2.5 million during the fiscal year.

Overview of the Financial Statements

Basic Financial Statements. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the City's BFS. The BFS are comprised of three components: 1) Government-Wide Financial Statements (GWFS), 2) Fund Financial Statements (FFS),

and 3) Notes to Basic Financial Statements (Notes). This CAFR also contains other supplementary information in addition to the BFS.

Government-Wide Financial Statements. The GWFS, shown on pages 19-21 of this report, contain the *statement of net assets* and the *statement of activities*, described below:

The *statement of net assets* presents information on all of the City's assets and liabilities (including capital assets and short and long-term liabilities), with the difference between the two reported as *net assets* using the accrual basis. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents a comparison between direct expenses and program revenues for each of the City's functions or programs (referred to as "activities"). Direct expenses are those that are specifically associated with an activity and are therefore clearly identifiable with that activity. Program revenues include charges paid by the recipient of the goods or services offered by the program, in addition to grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Revenues that are not directly related to a specific activity are presented as general revenues. The comparison of direct expenses with revenues from activities identifies the extent to which each activity is self-financing, or alternatively, draws from any City generated general revenues. The governmental activities (activities that are principally supported by taxes and intergovernmental revenues) of the City include administration of general government, public safety, culture and recreation, physical environment, transportation, and economic environment. The business-type activities (activities intended to recover all of their costs through user fees and charges) of the City include water and sewer utilities, solid waste, storm water, and airport. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs (accrual basis), regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Fund Financial Statements. A *fund* is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The principal role of funds in the new financial reporting model is to demonstrate fiscal accountability. The City, as with other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the FFS is on major funds. Major funds are those that meet minimum criteria (a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), or those that the City chooses to report as major funds given their qualitative significance. Nonmajor funds are aggregated and shown in a single column in the appropriate financial statements. Combining schedules of nonmajor funds are included in the CAFR following the BFS. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds.*

Governmental FFS. Governmental funds are used to account for essentially the same functions reported as governmental activities in the GWFS. However, unlike the GWFS, governmental FFS focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the City's fiscal year. Such information is useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the GWFS (modified accrual versus accrual basis of accounting, and current financial resources versus economic resources), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate the comparison between governmental funds and governmental activities.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund is considered a major fund. Data from the other governmental funds are combined into a single aggregated presentation. Budgetary comparisons have been presented for the general fund and each non-major governmental fund to demonstrate compliance with the budget. The General Fund comparison is presented in the FFS on page 26 of this report. The nonmajor governmental fund comparisons can be found on pages 91-99 of this report.

Proprietary FFS. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. Enterprise FFS provide the same type of information as the GWFS, only in more detail. The City uses enterprise funds to account for its Water and Sewer Utility, Solid Waste, Storm Water, and Airport activities, of which all of these activities are considered to be major funds by the City and are presented separately.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employees' group health and life insurance, workers' compensation self insurance, employee flexible spending, and property and liability insurance. The services provided by the internal service funds benefit both governmental and business-type activities, and accordingly, they have been included within governmental activities and business-type activities, as appropriate, in the GWFS. All internal service funds are combined into a single aggregated presentation in the proprietary FFS. Reconciliations are provided for both the proprietary fund statement of net assets and the proprietary fund statement of revenues, expenses, and changes in fund net assets to facilitate the comparison between enterprise funds and business-type activities. The proprietary FFS can be found on pages 28-39 of this report.

Fiduciary FFS. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the GWFS because the resources of those funds are not available to support the City's own programs. The City presents pension trust funds that represent the results of two defined benefit pension plans as fiduciary funds in the FFS. The fiduciary FFS can be found on pages 40-41 of this report.

Notes to Basic Financial Statements. The Notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The Notes can be found on pages 42-76 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets serve as a useful indicator of the City's financial position. For the City, assets exceeded liabilities by $160.1 million (*net assets*) at the close of the fiscal year.

By far the largest portion of the City's net assets, 78.9%, reflects its investment in capital assets, e.g., land, buildings, infrastructure, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding at the close of the fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Venice Net Assets
Summary of Net Assets
(in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 29,298	$ 33,403	$ 22,613	$ 17,789	$ 51,911	$ 51,192
Capital assets	61,704	64,559	89,569	91,773	151,273	156,332
Total assets	91,002	97,962	112,182	109,562	203,184	207,524
Current liabilities	2,185	3,731	2,356	2,657	4,541	6,388
Noncurrent liabilities	17,530	16,275	21,060	22,666	38,590	38,941
Total liabilities	19,715	20,006	23,416	25,323	43,131	45,329
Net assets:						
Invested in capital assets, net of related debt	53,789	56,255	72,481	72,578	126,270	128,833
Restricted	4,332	457	4,699	3,534	9,031	3,991
Unrestricted	13,165	21,244	11,586	8,127	24,751	29,371
Total net assets	$ 71,286	$ 77,956	$ 88,766	$ 84,239	$ 160,052	$ 162,195

An additional portion of the City's net assets, 5.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of $24.8 million or 15.5%, may be used to meet the City's ongoing obligations to citizens and creditors.

The City also reports positive balances in all three categories of net assets for the City as a whole, as well as for its separate governmental activities and business-type activities.

The City's governmental activities net asset balance of $71.3 million decreased $6.7 million, or 8.6%, in comparison to the prior year. This is primarily a result of the capital improvements completed towards the end of fiscal year 2010 that were capitalized and started depreciation expense in fiscal year 2011, a decrease in capital asset additions in fiscal year 2011, an increase in police and fire pension contributions, and a decrease in property and excise tax revenues, and a decrease in grant revenues. There is a concentrated effort by City management to contain expenditures in light of the declining economy affecting the current fiscal year.

The City's business-type activities experienced an increase in net assets of $4.5 million during the current fiscal year as compared to an increase of nearly $3.7 million during the prior fiscal year. This is primarily due to a concentrated effort by City management to contain expenditures in light of the declining economy affecting the current fiscal year.

Changes in Net Assets

Details of the following summarized information can be found on pages 20-21 of this report.

City of Venice Changes in Net Assets
For the Year Ended September 30
(in 000's)

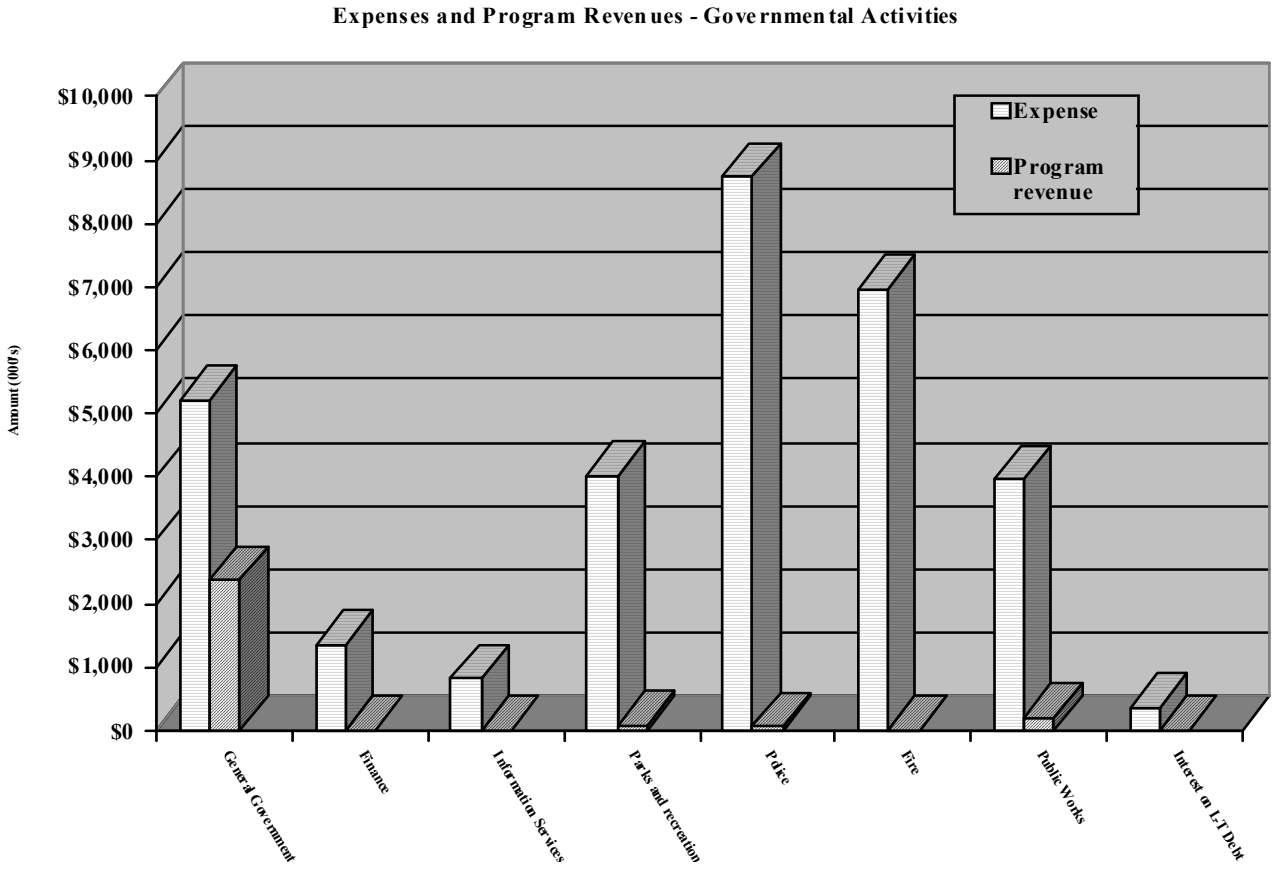
	Governmental Activities		Business-Type Activities		Totals	
Revenues:	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Program Revenues:						
Charges for services	$ 1,801	$ 1,902	$ 26,507	$ 26,275	$ 28,308	$ 28,177
Operating grants and contributions	714	826	71	14	785	840
Capital grants and contributions	208	980	359	891	567	1,871
General Revenues:						
Property taxes	8,288	9,217	-	-	8,288	9,217
Sales taxes	4,988	4,403	-	-	4,988	4,403
Excise taxes	1,810	1,980	-	-	1,810	1,980
Franchise fees	1,912	1,788	-	-	1,912	1,788
Intergovernmental	1,759	2,058	-	-	1,759	2,058
Interest earnings	442	404	234	127	676	531
Other	549	925	-	-	549	925
Total revenues	22,471	24,483	27,171	27,307	49,642	51,790
Expenses:						
General government	5,199	5,921	-	-	5,199	5,921
Finance	1,356	1,432	-	-	1,356	1,432
Information services	813	781	-	-	813	781
Parks and recreation	4,026	3,729	-	-	4,026	3,729
Police	8,722	9,261	-	-	8,722	9,261
Fire	6,948	7,023	-	-	6,948	7,023
Public works	3,964	2,352	-	-	3,964	2,352
Interest on long-term debt	359	372	-	-	359	372
Water and sewer utility	-	-	13,946	13,659	13,946	13,659
Solid waste	-	-	3,726	4,038	3,726	4,038
Airport	-	-	1,911	2,278	1,911	2,278
Storm water drainage	-	-	815	867	815	867
Total Expenses	31,387	30,871	20,398	20,842	51,785	51,713
Change in net assets before special items and transfers	(8,916)	(6,388)	6,773	6,465	(2,143)	77
Transfers	2,246	2,809	(2,246)	(2,809)	-	-
Change in net assets	(6,670)	(3,579)	4,527	3,656	(2,143)	77
Net assets - beginning of year	77,956	81,535	84,239	80,583	162,195	162,118
Net assets - end of year	71,286	77,956	88,766	84,239	160,052	162,195

Governmental activities. The net assets of the City's governmental activities decreased by $6.7 million. Key elements of the operations follow:

- Total expenses increased by $515,520, or 1.7% from the prior year. This is a result of an increase in police and fire pension contributions and $1.8 million to Sarasota County School Board for the Performing Arts Center. Offsetting these increases were cost cutting measures which included eliminating nine positions, evaluating services provided and streamlining operations.

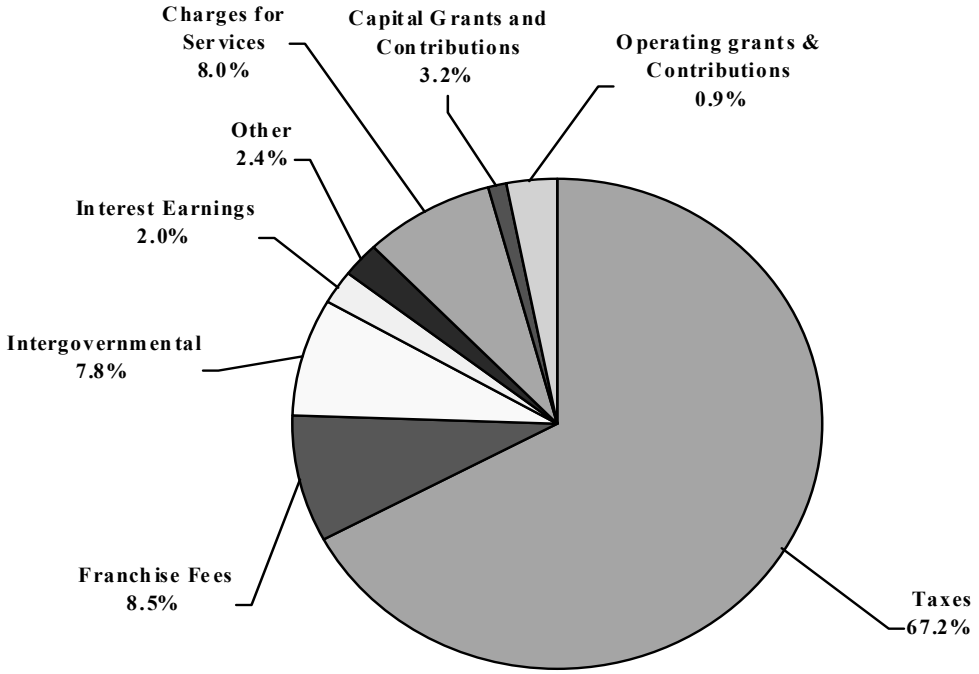
- Revenues decreased by approximately $2.0 million, or 8.2% in comparison to the prior year. The key factors impacting this decrease include the housing market melt down which reduced property values and ad valorem taxes by $929,000. Additionally, our excise taxes and grants/intergovernmental revenue were $1.1 million less than the prior fiscal year.

This graph depicts the expenses and program revenues generated through the City's various governmental activities.



The following graph reflects the source of the revenue and the percentage each source represents of the total.

Revenues by Source – Governmental Activities



Business-type activities. Business-type activities increased the City's net assets by $4.5 million as a result of operations. Key elements of this increase follow:

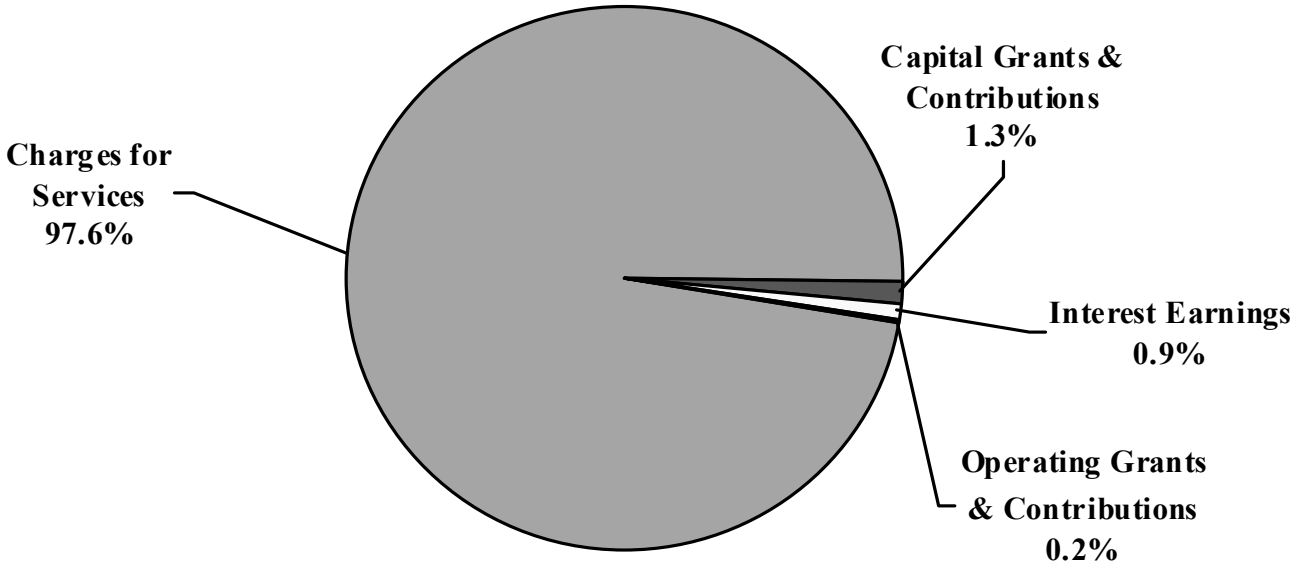
- Charges for services for business-type activities increased by $232,000. A water and sewer utility rate increase went into effect July 2010; the effect of this increase is the primary reason for the increase in charges for services. Interest earnings increased $107,000. Offsetting these increases was a decrease in operating and capital grants and contributions by $475,000.

- Expenses decreased by $.4 million as a result of cost cutting measures which included eliminating open positions, evaluating services provided and streamlining operations.

- Transfers out to the general fund decreased by $.6 million, or 20.0%, due to a decrease in the central services cost allocation resulting from the methodology and process established in the full cost allocation plan.

The following graph reflects the revenue sources generated by the business-type activities. As noted earlier, these activities include Water and Sewer, Solid Waste, Airport, and Storm Water Drainage.

Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance serves as a useful measure of the City's resources available for any purpose that is not included in other spendable classifications at the end of the fiscal year.

- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of $23.7 million. This compared to $25.8 million at the end of the prior fiscal year. This decrease is primarily the result of the City's decision to use fund balance due to the economy downturn and declining property values. Of the ending governmental fund balance $16.1 million are nonspendable inventories and prepayments, advances to other funds, and amounts committed or restricted for capital improvements and debt

service. $7.6 million is *unassigned*; of this amount $5.5 million is for disaster reserve and $2.1 million is available for any purpose.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the unassigned fund balance in the General Fund was $7.8 million, compared to nearly $9.8 million unreserved fund balance in the previous fiscal year, representing a decrease of approximately $2.0 million due primarily to a decrease in the taxable assessed property valuation with the millage rate remaining constant, an increase in police and fire pension contributions, and $1.8 million paid for the Performing Arts Center. The fund balance includes a reduction of $0.4 million in advances to other funds as a result of a scheduled repayment of an interfund advance. Total fund balance approximated $13.0 million at the end of the fiscal year compared to $14.8 million at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represented 35.7% of total General Fund expenditures compared to Unreserved fund balance representing 44.7% in the prior year. Total fund balance represented 59.8% of total General Fund expenditures compared to 68.0% in the prior year.

Proprietary funds. The City's proprietary funds are comprised of the enterprise funds and internal service funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide essentially the same type of information found in the GWFS, but in more detail.

Unrestricted net assets of the major proprietary funds at the end of September 30 are shown next with amounts presented in 000s:

	2011	2010
Water and Sewer Utility Fund	$ 3,182	$ 196
Solid Waste Fund	2,942	2,460
Airport Fund	3,436	3,162
Storm Water Drainage Fund	1,185	989
	$ 10,745	$ 6,807

The Water and Sewer Utility Fund reflected a current year increase in unrestricted net assets of nearly $3.0 million compared to an increase of $4.0 million during the prior year. This is due to City Council adopted increases in the utility fees effective July 2010 and a concentrated effort by City Management to contain costs. City Management continues to monitor this fund.

The Solid Waste Fund reflected a current year increase in unrestricted net assets of nearly $0.5 million compared to a $0.3 million decrease during the prior year. The increase was due primarily to a decrease in expenses by $.4 million as a result of cost cutting measures,

evaluating services provided and streamlining operations. This includes a decrease in administrative charges through the full cost allocation plan.

The Airport Fund increased $0.3 million compared to the prior year's unrestricted net assets which decreased $0.1 million. The increase was primarily due to a decrease in operating expenses of $0.4 million resulting from cost cutting measures and streamlining operations. This includes a decrease in administrative charges through the full cost allocation plan.

The Storm Water Drainage Fund reflected an increase in unrestricted net assets of $0.2 million during the current year compared to a $0.1 million decrease during the prior year. The increase was primarily due to a decrease in operating expenses of $0.4 million resulting from cost cutting measures and streamlining operations. This includes a decrease in administrative charges through the full cost allocation plan.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was $1.8 million with an increase to expenditures. These changes can be briefly summarized as follows:

- $657,230 increase for police pension funding and $417,392 increase for fire pension funding, per actuary revised funding requirement.
- $186,898 increase for police pension and $262,095 increase for fire pension to adjust for on-behalf pension payments received from the State which are a pass through cost to the General Fund.
- $505,000 increase in expenditures relating to the Florida Energy & Climate Commission grant.
- $28,858 increase in marketing and promotional activities.
- ($233,685) decrease in capital outlay expenditures.

The General Fund ended the fiscal year with expenditures being $2.3 million less than budgeted. This was a result of a concentrated effort by management to control costs during the year including reductions in force, eliminating open positions and curtailing spending.

Actual total revenues were less than budgeted revenues by $266,792 for the fiscal year. This is largely due to intergovernmental revenue being less than budgeted which includes sales taxes that were down due to a decrease in consumer spending and not all the energy grant funds were received during the fiscal year.

Capital Assets and Debt Administration

Capital assets. The City's invested in capital assets, net of related debt, for its governmental and business-type activities as of September 30, 2011 amounted to $126.3 million (net of accumulated depreciation), or a 2% decrease, in comparison to the prior year. This invested in capital assets includes land, construction in progress, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation, and the outstanding related debt used to acquire the assets.

Major capital asset events during the fiscal year included the following:

- Completed construction of the Venice Avenue Drainage Project including construction of a stormwater pond to be a central feature of Ruscelletto Park.
- Completed construction on Ruscelletto Park.
- Completed installation of a new, state-of-the-art automated weather observation system (AWOS) at the Venice Municipal Airport.
- Installed and implemented Click2Gov on-line application services for various permit processing features and for on-line payments.
- Replaced the chiller in City Hall.
- Purchase of vehicles: side-load refuse truck and crane carrier truck for solid waste, stormwater sweeper truck, trucks for utilities.
- Road improvements on various City streets.

At the end of the fiscal year, the City has construction commitments of $2.7 million.

City of Venice Capital Assets
(Net of Accumulated Depreciation)
September 30
(in 000's)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	$ 11,038	$ 11,035	$ 1,838	$ 1,838	$ 12,876	$ 12,873
Buildings	12,809	13,292	3,217	3,359	16,026	16,651
Improvements other than buildings	23,035	26,185	76,501	79,988	99,536	106,173
Machinery and equipment	2,236	2,372	5,072	4,852	7,308	7,224
Infrastructure	9,976	10,413	-	-	9,976	10,413
Construction in progress	2,610	1,262	2,941	1,736	5,551	2,998
Total	$ 61,704	$ 64,559	$ 89,569	$ 91,773	$ 151,273	$ 156,332

Additional information about the City's capital assets can be found on pages 55-57 of this report.

Long-term debt. A summary of the City's total outstanding debt follows:

City of Venice Outstanding Debt
General Obligation and Revenue Bonds
September 30
(in 000's)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$ 7,915	$ 8,235	$ -	$ -	$ 7,915	$ 8,235
Revenue bonds & notes	-	69	17,088	19,194	17,088	19,263
Total	$ 7,915	$ 8,304	$ 17,088	$ 19,194	$ 25,003	$ 27,498

There is no direct debt limitation in the City Charter or under State law. Article VII, Section 9 of the Constitution of the State of Florida provides that, exclusive of taxes levied for the payment of voter-approved general obligation bonds, cities may levy up to ten mills for municipal services. Pursuant to the Florida Constitution, there is no limit on the amount of ad valorem taxes a city may levy for the payment of debt service on voter-approved general obligation bonds. The current voter approved debt service millage tax rate per $1,000 of assessed valuation is $0.225.

As of September 30, 2011, the City's total outstanding debt has decreased by $2.5 million or 9.0% over the prior fiscal year end. The decrease in outstanding debt is attributed to the payment of scheduled debt service totaling $2.5 million.

Three major rating institutions (Standard & Poor's, Moody's and Fitch) have evaluated the City's financial management, economic conditions and administrative practices. The bond ratings continue to reflect that the City's bonds have the characteristics of investment quality as shown below:

	Standard & Poor's	Moody's Investors Service	Fitch Ratings
General Obligation	AA-	Aa2	AA

In March 2011, Standard & Poor's upgraded the rating from A+ to AA-. In November 2011, Moody's affirmed the current rating of Aa2. These ratings reflect the general credit characteristics of the City, sound management, and moderate debt levels.

Additional information on the City's long-term debt can be found on pages 59-61 of this report.

Economic Factors and the Next Fiscal Year's Budget and Rates

- At the end of the City's fiscal year the unemployment rate for Sarasota County (Venice area) was 11.0%. This is a decrease from a rate of 12.5% one year earlier. This compares unfavorably to the state's average unemployment rate of 10.6% and the national average of 9.5% at September 2011.

- The City's population is estimated to have slightly decreased, 21,165 for 2011 and 22,176 just one year earlier, 2010.

- Building permits issued increased from 4,476 during 2010 to 5,017 in fiscal year 2011, or about a 12.0% increase. This compares to a 21% increase from fiscal year 2009 to 2010, and a 7.8% decrease from fiscal year 2008 to 2009.

- The assessed valuation of commercial and residential property decreased to $2,861 billion in 2011 from $3,173 billion in 2010. This is a 9.8% decrease during 2011 compared to a 13.1% decrease during the prior year. In developing the fiscal year 2012 budget, the assessed values decreased to $2,708 billion from $2,861 billion in 2011. This is a 5.0% decrease for 2012.

- After 4 years of no millage increase, the General Fund property tax millage rate for fiscal year 2012 was slightly increased from $2.779 per thousand to $2.935 per thousand. The meltdown of the real estate market will continue to result in a decline in the revenue received from ad valorem taxes. The voter approved debt service property tax millage rate was also slightly increased from $0.225 in fiscal year 2011 to $0.260 for fiscal year 2012.

- The economic meltdown is anticipated to impact sales tax, gas tax and other tourism related revenues.

All of these factors were considered in preparing the City of Venice's budget for the 2011-2012 fiscal year.

At the end of the fiscal year, the unassigned fund balance in the General Fund was $7.8 million, compared to nearly $9.8 million unreserved fund balance in the previous fiscal year, representing a decrease of approximately $2.0 million. It is intended that the unassigned (unreserved) fund balance be equal to 25% of annual General Fund expenditures, which equates to approximately $5.4 million. The City Council authorized a millage rate increase for fiscal year 2012 to ensure delivery of city services without using General Fund reserves. We anticipate fiscal year 2013 will find the city still operating with restricted revenue streams and have identified some future operation areas for cost cutting. It is imperative that the budget process continues to weigh long term alternatives for meeting the city's obligations within the constraints of projected revenue streams.

City Council approved and implemented a utility rate increase that went into effect July 1, 2010. This enables the Utility Enterprise Fund to support improvements to the infrastructure, while providing regular operations and repaying loans from the General Fund.

The fiscal year 2012 Utility Fund budget includes $10 million for capital projects, including the replacement of membrane systems at the water plant, odor control, forcemain improvements, inflow and infiltration of the wastewater collection system, and various sewer replacements. Some of the planned funding will come from revenue bonds.

The fiscal year 2012 airport budget includes $9.2 million for capital items, including Runway 4-22 improvements, T-Hangar improvements, vehicles, and an environmental assessment to identify and mitigate any environmental impacts of the proposed improvements to Runway 13-31.

The Storm Water utility rates increased by 1.1%, the CPI for all urban consumers southern region, effective October 1, 2010, this rate along with the Solid Waste rates remained unchanged for the 2011-2012 fiscal year. In addition, for solid waste the City is evaluating the pros and cons of changing from our twice a week pickup to a once a week pickup during the 2011-2012 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Venice's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Finance Director, 401 West Venice Avenue, Venice, Florida, 34285.

VENICE
CITY ON THE GULF

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City of Venice, Florida
Statement of Net Assets
September 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 13,991,615	$ 11,122,547	$ 25,114,162
Investments	9,722,989	7,729,227	17,452,216
Interest receivable	-	39,144	39,144
Accounts receivables (net of allowance for uncollectibles)	397,107	2,416,438	2,813,545
Internal balances	3,446,237	(3,446,237)	-
Due from other governments	833,075	125,513	958,588
Inventories	42,939	467,533	510,472
Prepaid expenses	460,822	-	460,822
Unamortized bond issue costs	89,286	234,924	324,210
Net pension asset	314,221	-	314,221
Restricted assets:			
Cash and cash equivalents	-	2,178,062	2,178,062
Investments	-	1,745,833	1,745,833
Capital assets (net of accumulated depreciation):			
Non-depreciable	13,648,203	4,779,082	18,427,285
Depreciable	48,055,482	84,789,556	132,845,038
Total assets	91,001,976	112,181,622	203,183,598
LIABILITIES			
Accounts payable	994,371	548,276	1,542,647
Accrued liabilities	901,086	303,260	1,204,346
Due to other governments	232,244	48,017	280,261
Accrued interest payable	57,693	287,573	345,266
Customer deposits	-	1,169,020	1,169,020
Noncurrent liabilities:			
Due within one year:			
Bonds payable	330,000	1,842,579	2,172,579
Compensated absences	724,854	223,467	948,321
Notes payable	-	474,839	474,839
Due in more than one year:			
Bonds payable	7,585,000	9,882,735	17,467,735
Compensated absences	763,552	232,587	996,139
OPEB payable	8,126,568	3,516,125	11,642,693
Notes payable	-	4,887,372	4,887,372
Total liabilities	19,715,368	23,415,850	43,131,218
NET ASSETS			
Invested in capital assets, net of related debt	53,788,685	72,481,113	126,269,798
Restricted for:			
Public safety	46,779	-	46,779
Capital improvements	3,065,333	4,408,040	7,473,373
Debt service	1,200,630	290,548	1,491,178
Energy Initiatives	19,576	-	19,576
Unrestricted	13,165,605	11,586,071	24,751,676
Total net assets	$ 71,286,608	$ 88,765,772	$ 160,052,380

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Statement of Activities
For the Year Ended September 30, 2011

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	$ 5,198,807	$ 1,800,769	$ 573,026
Finance	1,356,326	-	-
Information services	812,838	-	-
Parks and recreation	4,025,781	-	-
Police	8,721,527	-	63,891
Fire	6,947,947	-	12,534
Public works	3,964,456	-	64,299
Interest on long-term debt	358,664	-	-
Total governmental activities	31,386,346	1,800,769	713,750
Business-type activities:			
Water and sewer utilities	13,946,052	18,330,838	71,658
Solid waste	3,726,327	4,883,706	-
Airport	1,911,288	1,935,056	-
Storm water drainage	815,119	1,357,669	-
Total business-type activities	20,398,786	26,507,269	71,658
Total primary government	$ 51,785,132	$ 28,308,038	$ 785,408
General revenues:			
Property taxes			
Sales taxes			
Excise taxes			
Franchise fees			
Intergovernmental - unrestricted			
Investment earnings			
Miscellaneous			
Transfers, net			
Total general revenues and transfers			
Change in net assets			
Net assets - beginning			
Net assets - ending			

See accompanying Notes to Basic Financial Statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets — Primary Government: Governmental Activities	Business-type Activities	Total
$ -	$ (2,825,012)	$ -	$ (2,825,012)
-	(1,356,326)	-	(1,356,326)
-	(812,838)	-	(812,838)
79,194	(3,946,587)	-	(3,946,587)
-	(8,657,636)	-	(8,657,636)
-	(6,935,413)	-	(6,935,413)
128,843	(3,771,314)	-	(3,771,314)
-	(358,664)	-	(358,664)
208,037	(28,663,790)	-	(28,663,790)
-	-	4,456,444	4,456,444
-	-	1,157,379	1,157,379
123,750	-	147,518	147,518
235,391	-	777,941	777,941
359,141	-	6,539,282	6,539,282
$ 567,178	(28,663,790)	6,539,282	(22,124,508)
	8,288,532	-	8,288,532
	4,987,554	-	4,987,554
	1,809,671	-	1,809,671
	1,912,512	-	1,912,512
	1,758,590	-	1,758,590
	442,335	234,146	676,481
	548,717	-	548,717
	2,246,378	(2,246,378)	-
	21,994,289	(2,012,232)	19,982,057
	(6,669,501)	4,527,050	(2,142,451)
	77,956,109	84,238,722	162,194,831
	$ 71,286,608	$ 88,765,772	$ 160,052,380

City of Venice, Florida
Balance Sheet
Governmental Funds
September 30, 2011

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 4,898,195	$ 6,320,100	$ 11,218,295
Investments	3,403,831	4,391,935	7,795,766
Accounts receivable	354,060	3,138	357,198
Interest receivable	13,315	17,946	31,261
Due from other funds	175,000	-	175,000
Due from other governments	444,697	388,378	833,075
Prepaid assets	460,822	-	460,822
Inventory	42,939	-	42,939
Advances to other funds	4,287,276	-	4,287,276
Total assets	$ 14,080,135	$ 11,121,497	$ 25,201,632
LIABILITIES			
Accounts payable	$ 575,503	$ 73,253	$ 648,756
Accrued payroll payable	348,095	-	348,095
Due to other funds	-	175,000	175,000
Due to other governments	67,268	164,976	232,244
Deposits and other liabilities	76,378	-	76,378
Total liabilities	1,067,244	413,229	1,480,473
FUND BALANCES			
Nonspendable:			
Inventory, Prepayments and Advances to Other Funds	4,791,037	-	4,791,037
Restricted for:			
Public safety	-	46,779	46,779
Boating and waterway improvements	-	29,750	29,750
Street improvements	-	1,619,512	1,619,512
Capital improvements	225,100	2,687,994	2,913,094
Debt Service	-	1,200,630	1,200,630
Beach Renourishment	-	250,000	250,000
Energy Initiatives	19,576	-	19,576
Committed to:			
Training and education	-	59,126	59,126
Equipment	104,128	-	104,128
Street improvements	11,037	-	11,037
Capital improvements	64,550	1,776,836	1,841,386
Recreational facility capital improvements	-	1,315,147	1,315,147
Beach renourishment	-	1,827,874	1,827,874
Historic preservation	-	71,933	71,933
General Government	25,427	-	25,427
Unassigned (Deficits):			
General fund	7,772,036	-	7,772,036
Other funds	-	(177,313)	(177,313)
Total fund balances	13,012,891	10,708,268	23,721,159
Total liabilities and fund balances	$ 14,080,135	$ 11,121,497	$ 25,201,632

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
September 30, 2011

Total fund balance - governmental funds	$	23,721,159
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		61,703,685
Internal service funds (ISF's) are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The portion of the assets and liabilities of the ISF's primarily serving governmental funds are included in governmental activities in the statement of net assets as follows:		
Net assets		3,886,963
Amounts due from business-type ISFs for amounts overcharged		(841,039)
Net pension asset resulting from the effect of contributing more than the annual required contribution		314,221
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are as follows:		
Bonds payable		(7,915,000)
Unamortized issue costs		89,286
Compensated absences		(1,488,406)
OPEB Payable		(8,126,568)
Accrued interest on general obligation bonds		(57,693)
Net assets of governmental activities	$	71,286,608

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
Property tax	$ 7,667,748	$ 620,784	$ 8,288,532
Sales taxes	1,611,277	3,376,277	4,987,554
Other taxes	1,809,671	-	1,809,671
Franchise fees	1,912,512	-	1,912,512
Fees and fines	31,071	12,667	43,738
Licenses and permits	244,420	1,080,613	1,325,033
Intergovernmental	2,280,467	399,910	2,680,377
Charges for services	53,014	378,984	431,998
Interest	257,697	127,180	384,877
Miscellaneous	489,945	58,772	548,717
Total revenues	16,357,822	6,055,187	22,413,009
EXPENDITURES			
Current:			
General government	3,549,353	538,891	4,088,244
Finance	1,194,440	-	1,194,440
Information services	697,922	-	697,922
Parks and recreation	822,780	484,019	1,306,799
Police	7,659,873	8,312	7,668,185
Fire	5,979,211	-	5,979,211
Public works	1,322,057	1,844,345	3,166,402
Debt service:			
Principal	63,572	321,277	384,849
Interest and fiscal charges	6,512	351,991	358,503
Capital outlay	452,376	1,424,779	1,877,155
Total expenditures	21,748,096	4,973,614	26,721,710
Excess (deficiency) of revenues over (under) expenditures	(5,390,274)	1,081,573	(4,308,701)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,013,023	2,372,639	6,385,662
Transfers out	(458,645)	(3,680,639)	(4,139,284)
Net other financing sources (uses)	3,554,378	(1,308,000)	2,246,378
Net change in fund balances	(1,835,896)	(226,427)	(2,062,323)
Fund balances at beginning of year	14,848,787	10,934,695	25,783,482
Fund balances at end of year	$ 13,012,891	$ 10,708,268	$ 23,721,159

See accompanying Notes to Basic Financial Statements.

City of Venice
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended September 30, 2011

Net change in fund balances - total governmental funds	$	(2,062,323)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of $4,716,775 exceeded capital outlays of $1,877,155 in the current period.		(2,839,620)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which repayments and debt defeasance of $320,000 exceeded proceeds of $-0-.		320,000
Notes payable transactions provide current financial resources to governmental funds and repayment of principal is an expenditure. This is the amount by which repayments and debt defeasance of $69,442 exceeded proceeds of $-0-.		69,442
Bond premiums are recognized as an other financing source in the governmental funds, but are considered deferred assets on the Statement of Net Assets. Premiums are amortized over the life of the bonds. This is the amount by which amortization of $8,117 exceeded bond premium issued of $-0-.		(8,117)
Estimated long-term liabilities for compensated absences are recognized as expenses in the Statement of Activities as earned, but are recognized when current financial resources are used in the governmental funds. This amount is the net change in the estimated long-term liability for compensated absences during the year.		62,229
Other post employment benefits are recognized as expense in the Statement of Activities as earned, but are recognized when current financial resources are used in the governmental funds. This amount is the net change in the estimated long-term liability for OPEB payables during the year.		(1,707,039)
Pension contributions less than the annual pension cost decreases the net pension asset on the statement of net assets.		(13,775)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and worker's compensation, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(477,562)
Accrued interest is recognized as expenses in the Statement of Activities as incurred, but is recognized when current financial resources are used in the governmental funds. This amount is the net change in the accrued interest this year.		3,363
The net effect of various miscellaneous transactions involving capital assets (e.g., sales and trade-ins) is to increase (decrease) net assets.		(16,099)
Change in net assets of governmental activities	$	(6,669,501)

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Budget Comparison Statement
General Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 7,590,758	$ 7,590,758	$ 7,667,748	$ 76,990
Sales taxes	1,164,986	1,613,979	1,611,277	(2,702)
Other taxes	1,796,498	1,796,498	1,809,671	13,173
Franchise fees	1,908,315	1,908,315	1,912,512	4,197
Fees and fines	51,732	51,732	31,071	(20,661)
Licenses and permits	231,013	231,013	244,420	13,407
Intergovernmental	2,254,128	2,759,128	2,280,467	(478,661)
Charges for services	80,788	80,788	53,014	(27,774)
Interest	247,984	247,984	257,697	9,713
Miscellaneous	344,419	344,419	489,945	145,526
Total revenues	15,670,621	16,624,614	16,357,822	(266,792)
EXPENDITURES				
Current:				
General government	3,872,166	4,271,691	3,549,353	722,338
Finance	1,193,329	1,242,054	1,194,440	47,614
Information services	752,020	759,023	697,922	61,101
Parks and recreation	990,148	994,458	822,780	171,678
Police	7,434,756	8,284,116	7,659,873	624,243
Fire	5,302,434	5,981,921	5,979,211	2,710
Public works	1,461,031	1,471,489	1,322,057	149,432
Debt Service:				
Principal	39,170	63,574	63,572	2
Interest and fiscal charges	3,025	6,515	6,512	3
Capital outlay	1,218,780	985,095	452,376	532,719
Total expenditures	22,266,859	24,059,936	21,748,096	2,311,840
Excess (deficiency) of revenues over (under) expenditures	(6,596,238)	(7,435,322)	(5,390,274)	2,045,048
OTHER FINANCING SOURCES (USES)				
Transfers in	4,035,363	4,035,363	4,013,023	(22,340)
Transfers out	(458,645)	(458,645)	(458,645)	-
Net other financing sources (uses)	3,576,718	3,576,718	3,554,378	(22,340)
Net change in fund balances	(3,019,520)	(3,858,604)	(1,835,896)	2,022,708
Fund balances at beginning of year	14,848,787	14,848,787	14,848,787	-
Fund balances at end of year	$ 11,829,267	$ 10,990,183	$ 13,012,891	$ 2,022,708

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City of Venice, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Business-Type Activities		
	Water and Sewer Utility	Solid Waste	Airport
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,546,385	$ 2,143,056	$ 2,740,209
Investments	3,854,268	1,489,242	1,904,213
Accounts receivable	1,775,775	531,493	4,651
Interest receivable	23,220	6,142	7,806
Due from other governments	71,658	-	9,647
Inventories	467,533	-	-
Total current assets	11,738,839	4,169,933	4,666,526
Noncurrent assets:			
Restricted cash and cash equivalents	2,178,062	-	-
Restricted investments	1,745,833	-	-
Deferred charges	234,924	-	-
Capital assets:			
Land	165,783	220,000	-
Construction in progress	487,163	-	965,328
Buildings	4,078,314	12,500	4,298,724
Improvements other than buildings	107,349,504	6,802	8,058,805
Machinery and equipment	6,579,945	5,231,014	566,118
Less accumulated depreciation	(44,641,248)	(3,251,537)	(6,653,562)
Total capital assets	74,019,461	2,218,779	7,235,413
Total noncurrent assets	78,178,280	2,218,779	7,235,413
Total Assets	$ 89,917,119	$ 6,388,712	$ 11,901,939

See accompanying Notes to Basic Financial Statements

Business-Type Activities		Governmental Activities
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
$ 692,897	$ 11,122,547	$ 2,773,320
481,504	7,729,227	1,927,223
104,519	2,416,438	760
1,976	39,144	7,888
44,208	125,513	-
-	467,533	-
1,325,104	21,900,402	4,709,191
-	2,178,062	-
-	1,745,833	-
-	234,924	-
1,451,835	1,837,618	-
1,488,973	2,941,464	-
-	8,389,538	-
4,682,156	120,097,267	-
871,863	13,248,940	-
(2,399,842)	(56,946,189)	-
6,094,985	89,568,638	-
6,094,985	93,727,457	-
$ 7,420,089	$ 115,627,859	$ 4,709,191

City of Venice, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Business-Type Activities		
	Water and Sewer Utility	**Solid Waste**	**Airport**
LIABILITIES			
Current liabilities:			
Accounts payable	$ 398,572	$ 99,127	$ 22,565
Accrued liabilities	130,930	29,241	138,875
Accrued interest payable	280,365	-	-
Accrued insurance claims	-	-	-
Due to other governments	42,593	-	5,424
Customer deposits	1,058,513	110,507	-
Compensated absences	133,362	85,271	4,331
Notes payable	318,839	-	-
Bonds payable	1,842,579	-	-
Total current liabilities	4,205,753	324,146	171,195
Noncurrent liabilities:			
Compensated absences	138,805	88,751	4,507
OPEB Payable	2,320,838	815,143	280,359
Advances from other funds	4,287,276	-	-
Notes payable	4,237,372	-	-
Bonds payable	9,882,735	-	-
Total noncurrent liabilities	20,867,026	903,894	284,866
Total Liabilities	25,072,779	1,228,040	456,061
NET ASSETS			
Invested in capital assets, net of related debt	57,737,936	2,218,779	7,235,413
Restricted for:			
Capital projects	3,633,347	-	774,693
Debt service	290,548	-	-
Unrestricted	3,182,509	2,941,893	3,435,772
Total Net Assets	$ 64,844,340	$ 5,160,672	$ 11,445,878

See accompanying Notes to Basic Financial Statements

Business-Type Activities		Governmental Activities
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
$ 28,012	$ 548,276	$ 345,615
4,214	303,260	2,175
7,208	287,573	-
-	-	474,438
-	48,017	-
-	1,169,020	-
503	223,467	
156,000	474,839	-
-	1,842,579	-
195,937	4,897,031	822,228
524	232,587	-
99,785	3,516,125	-
-	4,287,276	-
650,000	4,887,372	-
-	9,882,735	-
750,309	22,806,095	-
946,246	27,703,126	822,228
5,288,985	72,481,113	-
-	4,408,040	-
-	290,548	-
1,184,858	10,745,032	3,886,963
$ 6,473,843	$ 87,924,733	$ 3,886,963

City of Venice, Florida
Reconciliation of the Statement of Net Assets - Proprietary Funds
To the Statement of Net Assets
September 30, 2011

Total net assets - proprietary funds	$ 87,924,733

Amounts reported for business-type activities in the Statement of Net Assets are different because:

Internal service funds (ISFs) are used by management to charge the costs of certain activities, such as insurance and employee flexible spending, to individual funds. The portion of assets and liabilities of the ISFs primarily serving enterprise funds are included in business-type activities in the Statement of Net Assets as follows:

Amounts due from governmental ISFs for amounts overcharged	841,039
Net assets of business-type activities	$ 88,765,772

See accompanying Notes to Basic Financial Statements.

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City of Venice, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For Fiscal Year Ended September 30, 2011

	Business Type Activities		
	Water and Sewer Utilities	Solid Waste	Airport
OPERATING REVENUES			
Charges for services	$ 17,883,672	$ 4,765,288	$ -
Provision for bad debts	(29,611)	(15,517)	-
Charges for services (net)	17,854,061	4,749,771	-
Rentals	-	-	1,885,198
Miscellaneous	476,777	133,935	49,858
Total operating revenues	18,330,838	4,883,706	1,935,056
OPERATING EXPENSES			
Personal services	4,169,230	1,551,917	455,350
Insurance	391,812	230,820	89,244
Supplies and materials	-	1,099,474	-
Professional services	979,178	21,549	166,488
Maintenance	1,620,858	367,989	36,523
Utilities	968,619	10,252	95,972
Other services and charges	958,468	11,654	103,417
Depreciation and amortization	3,340,314	339,564	916,522
Total operating expenses	12,428,479	3,633,219	1,863,516
Operating income (loss)	5,902,359	1,250,487	71,540
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	92,114	42,646	54,937
Federal and state grants	71,658	-	-
Disposition of assets	16,188	-	-
Interest expense	(1,215,283)	-	-
Net non-operating revenues (expenses)	(1,035,323)	42,646	54,937
Income (loss) before contributions and transfers	4,867,036	1,293,133	126,477
Capital contributions: capital grants	-	-	123,750
Transfers out	(1,150,288)	(750,858)	(180,645)
Change in net assets	3,716,748	542,275	69,582
Total net assets - beginning	61,127,592	4,618,397	11,376,296
Total net assets - ending	$ 64,844,340	$ 5,160,672	$ 11,445,878

See accompanying Notes to Basic Financial Statements.

Business Type Activities		
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
$ 1,371,930	$ 24,020,890	$ 4,693,102
(15,867)	(60,995)	-
1,356,063	23,959,895	4,693,102
-	1,885,198	-
1,606	662,176	164,632
1,357,669	26,507,269	4,857,734
224,489	6,400,986	142,329
11,844	723,720	5,121,806
-	1,099,474	-
139,992	1,307,207	500,518
92,948	2,118,318	-
90	1,074,933	-
95,721	1,169,260	107,338
210,594	4,806,994	-
775,678	18,700,892	5,871,991
581,991	7,806,377	(1,014,257)
44,449	234,146	57,458
-	71,658	-
-	16,188	-
(19,562)	(1,234,845)	-
24,887	(912,853)	57,458
606,878	6,893,524	(956,799)
235,391	359,141	-
(164,587)	(2,246,378)	-
677,682	5,006,287	(956,799)
5,796,161	82,918,446	4,843,762
$ 6,473,843	$ 87,924,733	$ 3,886,963

City of Venice, Florida
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds
To the Statement of Activities
For the Year Ended September 30, 2011

Net change in fund net assets - total enterprise funds	$ 5,006,287
Amounts reported for business-type activities in the statement of activities are different because:	
Internal service funds (ISFs) are used by management to charge the costs of certain activities such as employees' health and life insurance, workers' compensation self insurance, employee flexible spending, etc. to individual funds. The net revenue (expense) of certain ISFs is reported with business-type activities.	(479,237)
Change in net assets of business-type activities	$ 4,527,050

See accompanying Notes to Basic Financial Statements.

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City of Venice, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Solid Waste	Airport
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 18,274,994	$ 4,882,618	$ 1,932,120
Payments to suppliers	(4,995,525)	(1,775,634)	(509,425)
Payments to employees	(3,808,505)	(1,416,107)	(409,324)
Net cash provided (used) by operating activities	9,470,964	1,690,877	1,013,371
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers out to other funds	(1,150,288)	(750,858)	(180,645)
Payments received/(made) on advances (to)/from other funds	(363,089)	-	(6,000)
Net cash provided (used) by noncapital and related financing activities	(1,513,377)	(750,858)	(186,645)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(888,416)	(400,372)	(712,360)
Sale of capital assets	16,188	-	-
Receipts(payments) on leases and notes	(309,189)	-	-
Principal paid on revenue bonds	(1,418,562)	-	-
Interest paid on revenue bonds	(1,191,691)	-	-
Capital grants	-	-	114,103
Net cash provided (used) for capital and related financing activities	(3,791,670)	(400,372)	(598,257)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	6,411,379	1,733,798	2,335,128
Purchase of investments	(9,135,700)	(2,430,400)	(3,106,200)
Interest earnings on cash and investments	80,090	44,036	57,717
Net cash provided by (used for) investing activities	(2,644,231)	(652,566)	(713,355)
Net increase (decrease) in cash and cash equivalents	1,521,686	(112,919)	(484,886)
Cash and cash equivalents - beginning of year	6,202,761	2,255,975	3,225,095
Cash and cash equivalents - end of year	$ 7,724,447	$ 2,143,056	$ 2,740,209
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 5,902,360	$ 1,250,487	$ 71,540
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	3,340,314	339,564	916,522
Change in assets and liabilities:			
Accounts receivable	(55,265)	(554)	718
Inventory	9,717	-	-
Prepaid expenses	333	-	-
Accounts payable	125,320	18,002	3,951
Other accrued liabilities	(110,423)	(32,586)	(18,276)
Compensated absences	(6,079)	(27,206)	(7,004)
Due to/from other governments	(175,843)	-	(106)
Customer deposits	79,805	7,360	-
OPEB payable	360,725	135,810	46,026
Net cash provided (used) by operating activities	$ 9,470,964	$ 1,690,877	$ 1,013,371

See accompanying Notes to Basic Financial Statements.

Business-type Activities		Governmental Activities
Storm Water Drainage	Totals	Internal Service Funds
$ 1,358,532	$ 26,448,264	$ 4,857,723
(501,796)	(7,782,380)	(6,221,923)
(206,804)	(5,840,740)	(60,089)
649,932	12,825,144	(1,424,289)
(164,587)	(2,246,378)	-
-	(369,089)	-
(164,587)	(2,615,467)	-
(601,833)	(2,602,981)	-
-	16,188	-
806,000	496,811	-
(1,185,000)	(2,603,562)	-
(40,216)	(1,231,907)	-
1,028,374	1,142,477	-
7,325	(4,782,974)	-
468,569	10,948,874	2,792,932
(784,300)	(15,456,600)	(3,144,416)
44,142	225,985	64,295
(271,589)	(4,281,741)	(287,189)
221,081	1,144,962	(1,711,478)
471,816	12,155,647	4,484,798
$ 692,897	$ 13,300,609	$ 2,773,320
$ 581,991	$ 7,806,378	$ (1,014,257)
210,594	4,806,994	-
905	(54,196)	(11)
-	9,717	-
-	333	-
(59,658)	87,615	(395,625)
(82,541)	(243,826)	(14,396)
(19,044)	(59,333)	-
-	(175,949)	-
-	87,165	-
17,685	560,246	-
$ 649,932	$ 12,825,144	$ (1,424,289)

City of Venice, Florida
Statement of Fiduciary Net Assets
Pension Trust Funds
September 30, 2011

	Total Pension Funds
ASSETS	
Cash and cash equivalents	$ 3,200,319
Contributions receivable	53,561
Interest and dividends receivable	100,236
Prepaid expenses	751
Investments, at fair value:	
U.S. Government and agency obligations	3,013,765
Mortgage-backed obligations	2,163,159
Domestic corporate bonds	5,501,692
Foreign corporate bonds	321,854
Domestic equities	17,412,167
Foreign equities	4,549,998
Pooled real estate investment fund	865,740
Temporary investment funds	34,977
Total investments	33,863,352
Total Assets	37,218,219
LIABILITIES	
Accounts payable	23,821
Accrued Liabilities	460,507
Total Liabilities	484,328
NET ASSETS	
Held in trust for pension benefits	$ 36,733,891

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended September 30, 2011

	Total Pension Funds
ADDITIONS	
Contributions:	
Employer	$ 2,637,867
Plan members	546,802
State of Florida (passed through general fund)	436,538
Total contributions	3,621,207
Investment income:	
Net appreciation (depreciation) in fair value of investments	(575,115)
Interest and dividends	927,861
Investment income (loss)	352,746
Less investment expenses	(225,288)
Net investment income (loss)	127,458
Total additions	3,748,665
DEDUCTIONS	
Benefits	3,853,248
Administrative expense	108,606
Total deductions	3,961,854
Change in net assets	(213,189)
Net assets held in trust for pension benefits - beginning of year	35,568,167
Prior Year Restatement	1,378,913
Beginning of Year (Adjusted)	36,947,080
Net assets held in trust for pension benefits - end of year	$ 36,733,891

See accompanying Notes to Basic Financial Statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Venice, Florida, (City) have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. The financial reporting entity

The City of Venice, Florida, was established in 1927 as a municipality in the County of Sarasota, Florida, by Chapter 11776, Special Acts of 1925, Extraordinary Session, as amended. The City is functionally organized under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, water and sewer utilities, solid waste collection, public improvements, municipal airport administration, culture-recreation, building and zoning, storm water drainage, and general administrative services.

As required by GAAP, these financial statements present the activities of the City of Venice, Florida. No component units are included in these financial statements, as no entity meets the criteria for inclusion as a component unit.

The Mayor and/or City Council are responsible for appointing members of the Venice Housing Authority. However, the City's accountability for these organizations does not extend beyond these appointments.

2. Government-wide and fund financial statements

The City's financial statements are prepared using the reporting model specified in GASB Statement No. 34 – *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.* As specified by Statement No. 34, the Basic Financial Statements (BFS) include both Government-Wide and Fund Financial Statements.

The Government-Wide Financial Statements (GWFS) (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements by allocation of the activities of the various internal service funds to the governmental and business-type activities on a fund basis based on the predominant users of the services. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the GWFS using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The GWFS focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The Government-Wide Statement of Net Assets reports all financial and capital resources of the City, excluding those reported in the fiduciary funds. It is displayed in the format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are

required to be displayed in three components: (1) invested in capital assets net of related debt, (2) restricted, and (3) unrestricted. Invested in capital assets net of related debt equals capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use that are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as invested in capital assets net of related debt or restricted, are shown as unrestricted. Reservations or designations of net assets imposed by the City, whether by administrative policy or legislative actions of the City Council that does not otherwise meet the definition of restricted net assets, are not shown in the GWFS.

The Government-Wide Statement of Activities demonstrates the degree to which the direct expenses for a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also part of the BFS are Fund Financial Statements (FFS) for governmental funds, proprietary funds, and the fiduciary pension funds, even though the latter is excluded from the GWFS. The focus of the FFS is on major funds, as defined by GASB Statement No. 34. Although GASB Statement No. 34 sets forth minimum criteria for determination of major funds, i.e., a percentage of assets, liabilities, revenue, or expenditures/expenses of a fund category and of the governmental and enterprise funds combined, it also gives governments the option of displaying other funds as major funds. The City can elect to add some funds as major funds because of outstanding debt or community focus. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the FFS. Other non-major funds are combined in a single column in the appropriate FFS.

3. Measurement focus, basis of accounting, and financial statement presentation

Fund Financial Statements

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary FFS. The City's fiduciary FFS includes two pension trust funds that use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Because the enterprise funds are combined into a single business-type activities column on the GWFS, certain interfund activities between these funds are eliminated in the consolidation for the GWFS, but are included in the fund columns in the proprietary FFS. The effect of inter-fund activity has been eliminated from the GWFS. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer functions and various other functions of the government.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental FFS are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is necessary: (1) to demonstrate legal and covenant compliance, (2) to demonstrate the sources and uses of liquid resources, and (3) to demonstrate how the City's actual revenues and expenditures conform to the annual budget. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available, generally, if they are collected within 45 days of the end of the current fiscal period, with the exception of sales taxes which are considered to be available if they are collected within 60 days of year end. The City considers the grant availability period to be 60 days for revenue recognition. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when the liability has matured. Because the governmental FFS are presented on a different basis of accounting than the GWFS, a reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to convert the FFS into the governmental activities column of the GWFS.

Property taxes, sales taxes, utility excise taxes, franchise fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

Fund Accounting

The City uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund balance/net assets, revenues and expenditures/expenses.

Governmental funds are those through which most of the governmental functions of the City are financed. The City reports one major governmental fund:

> **The general fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Enterprise funds are used to account for operations: (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following major enterprise funds:

The water and sewer utility fund accounts for the activities associated with providing water and sewer services to the residents of the City. The City operates a sewage treatment plant, sewage pumping stations and collection systems, and a water distribution system.

The solid waste fund accounts for the activities associated with providing waste removal services to the residents of the City.

The airport fund accounts for the activities associated with the operations of the City's municipal airport.

The storm water drainage fund accounts for the activities of the storm water utility, which provides storm water drainage for the City. While this fund does not meet the threshold to require inclusion as a major fund, the City believes that the information presented is of significant importance to the public to report as a major fund.

Additionally, the government reports the following non-major fund types:

The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

The internal service funds account for group health and life, workers' compensation, property and liability self-insurance, and employee flexible spending accounts. These funds provide insurance and other services to other departments on a cost reimbursement basis.

The pension trust funds account for the activities of the City's fire and police employees' pension trust funds, which accumulate resources for pension benefit payments to qualified pension employees.

Private-sector standards and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund, storm water drainage, the solid waste enterprise fund, and the government's internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources, as they are needed. For unrestricted resources, the City considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

4. Assets, liabilities, and net assets or equity

a) Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City maintains a pool of cash and investments in which each fund participates on a dollar equivalent and transaction basis. The balance of the pooled cash is reflected in the balance sheets or statements of net assets, and each fund's portion of the pooled investments is reflected in the balance sheets or statements of net assets as "Cash and cash equivalents." Interest is distributed monthly based upon an average monthly balance. The investments of the pension trust funds are held by an investment banker selected by the respective individual pension board's investment committee.

State statutes and local ordinances authorize the government to invest its surplus public funds in the Local Government Surplus Fund's Trust Fund, obligations of the U. S. Treasury, agencies and instrumentalities of the U. S. Government, and interest-bearing time deposits with banks and/or savings and loans who qualify as "authorized depositories" under Florida law. The pension trust funds are also authorized to invest in corporate stocks, bonds, commercial paper, and other investments subject to certain restrictions.

Investments for the government are reported at fair value. The State Board of Administration Pooled Trust Fund operates in accordance with appropriate state laws and regulations. Securities traded on a national or international exchange are valued at the last reported sales quote at current exchange rates. Investments that do not have an established market are reported at estimated fair value based on market indicators regarded as measures of equity or fixed income

performance results. The City does not have a significant amount of investments valued at other than quoted market prices. Amortization of premium and accretion of discount on investments purchased are not recorded over the term of the investment. The effect of this policy on the financial statements of the various funds is not significant. The reported value of the pool is the same as the fair value of the pool shares.

b) Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

c) Inventories and prepaid expenses/assets

All inventories are valued at cost (using average cost) in governmental type funds and the lower of cost (average cost) or market in business-type funds. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/assets in both government-wide and fund financial statements.

d) Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

e) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-50
Building improvements	10-20
Water and sewer systems	10-50
Public domain infrastructure	50
Equipment	3-10

f) Compensated absences and other post employment benefits (OPEB)

It is the government's policy to permit employees to accumulate earned but unused vacation, sick pay, and other employee benefit amounts. These amounts are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

OPEB refers to postemployment benefits other than pension benefits and includes postemployment healthcare benefits and life insurance. Like pensions, OPEB arises from an exchange of salaries and benefits for employee services rendered and constitute part of compensation for those services. These amounts are accrued when incurred in the government-wide and proprietary fund financial statements.

g) Long-term obligations

In the government-wide financial statements and propriety fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as

other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h) New Accounting Standard

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54; *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

- **Nonspendable fund balance** – amounts that cannot be spent either because they are not in spendable form (such as inventory and prepaid items) or because they are legally or contractually required to be maintained intact.
- **Restricted fund balance –** amounts constrained to specific purposes by their providers (such as grantors, bondholders, City Code, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance –** amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. This classification includes City ordinances and resolutions.
- **Assigned fund balance –** Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council, or by an official (city manager or financial services director) or body to which the City Council delegates the authority.
- **Unassigned fund balance** – amounts that are available for any purpose which are not included in other spendable classifications. $5,437,024 of the unassigned fund balance is reserved for disaster.

In the general fund, the City strives to maintain an unassigned fund balance of three months operating expenditures (25%) of the general fund. This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan.

5. Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

Not later than two months prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them, by fund. The Council holds public hearings to obtain taxpayer comments and a final budget must be prepared and adopted by October 1, thru the passage of an ordinance.

The appropriated budget is prepared by fund, function, and department. The City Manager has the authority to make line item transfers within fund budgets. Transfers of appropriations between funds require the approval of Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council made two supplementary budgetary appropriations throughout the year. These supplemental budgetary appropriations made in the general fund were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts) outstanding at year end are included in committed fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

2. Net asset/fund balance deficits

The deficit of $172,462 in the Building Permit Fees Fund is the result of the housing market slump and the economic meltdown. City management continues to monitor this fund with the main focus being reducing expenditures. We anticipate this fund will recover when the economy turns around.

The deficit of $4,851 in the Second Occupational License Fund is the result of a decrease in Sarasota County collected occupational license tax dollars which stems from the economic environment. We anticipate this fund will also recover as the economy improves.

No other funds of the City had deficits in either total fund balances or total net assets.

NOTE C – DEPOSITS AND INVESTMENTS

The City's investment policies are governed by state statute and City ordinances. State law requires collateralization of all deposits with federal depository insurance, eligible securities, or a surety bond having an aggregate value at least equal to the amount of the deposits. The City's Investment Policy requires the minimum collateral level to be 102% of market value of principal and accrued interest.

The City historically has invested surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (State Pool). The State Pool is administered by the Florida State Board of Administration (SBA), who provides (questionable) regulatory oversight. The SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools (LGIP and Fund B).

The Fund B is reported at fluctuating net asset value. The book value at September 30, 2011 was $321,507.

Credit risk - This risk results from potential default of investments that are not financially sound. The City (excluding the pension trust funds and Fund B) invests funds throughout the year with several area banks, money market funds and government-sponsored agencies. There is risk of loss of interest on the investments if there are changes in the underlying indexed base. It is the City's policy to invest in securities with the highest credit ratings. The Fund B is not rated by a nationally recognized statistical rating agency.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments to those that can be held to maturity and by limiting final maturity to no more than five (5) years. The money market mutual funds and investment pools are presented as an investment with a maturity of less than one year. As noted above the City was forced to become a participant in the SBA's Fund B. The weighted average life (WAL) of Fund B at September 30, 2011, was seven to nine years for complete liquidation which is significantly outside our investment policy. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments are held in the city's name at the City's depository institution as evidenced by safekeeping receipts.

Concentration of Credit Risk - The City places limits on the amount that may be invested in any one issuer with the exception of United States Treasury obligations.

Foreign Currency Risk - This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. The City has no foreign currency risk.

The City's policy allows investment in direct obligations of and other obligations guaranteed as to principal of the U.S. Treasury and U.S. agencies and instrumentalities with the exception of mortgage-backed securities. It may also invest in bank repurchase agreements, investment pools, and to a limited extent in certificates of deposit, commercial paper and bank acceptances.

All of the City's pooled investments (excluding the pension trust funds) were allocated as detailed below as of September 30, 2011. The City does have a formal comprehensive investment policy for the investment of surplus funds which guides the investment type, length of term, the investment goals, etc.

Investment Type	Fair Market	Less than 1 year	Years 1-5	Years 6-10
Cash and cash equivalents	$ 27,216,818	$ 27,216,818	$ -	$ -
U.S. Government Securities	19,016,528	-	19,016,528	-
Florida PRIME (SBA Fund "B")	243,329	-	-	243,329
Total fair value	$ 46,476,675	$ 27,216,818	$ 19,016,528	$ 243,329

Police Pension Trust Fund

The Plan has established an investment policy where the general investment objective is to obtain a reasonable total rate of return. In order to obtain this objective, the Plan is authorized to invest the funds in certain types of investments. Authorization for investment type is determined by Ordinance 2000-27 and Florida Statutes Chapter 185.06.

Investment Type	Fair Market	Less than 1 year	Years 1-5	Years 6-10	Greater than 10 years
Cash and cash equivalents	$ 1,594,932	$ 1,594,932	$ -	$ -	$ -
U.S. Government & Agency Securities	1,943,327	-	771,031	131,366	1,040,930
Corporate bonds	4,318,414	676,140	2,072,573	1,189,143	380,558
Equities	15,458,305	15,458,305	-	-	-
Total fair value	$ 23,314,978	$ 17,729,377	$ 2,843,604	$ 1,320,509	$ 1,421,488

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Police Pension Fund realizes that reasonable consistency of return and protection of assets against the inroads of inflation are paramount. However, the volatility of interest rates and securities markets make it necessary to judge results within the context of several years rather than over short periods of one or two years or less.

Credit risk – The investments held by the plan are in accordance with Venice City Ordinance 2000-27. Of the investments the Plan holds, $1,310,309 of U.S. Government and agency securities are rated Aaa by Moody and AAA by Standard and Poor with the balance of U.S. Government and agency securities unrated; $4,318,414 of corporate bonds are rated Aaa to Caa1 by Moody's and AAA to B- by Standard and Poor's; and $15,458,305 of common and preferred stock is unrated.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan investments are held in the name of Salem Trust Company as Custodian for the City of Venice Police Officers' Pension Plan.

Other limitations – The Plan limits its investments as follows: No more than 5% of the Plan's assets can be invested in common or capital stock of any one issuing company nor should it exceed 5% of the

outstanding capital stock of that company. The aggregate of its investments in common stock, capital stock, and convertible bonds cannot exceed 65% of the cost of the assets of the Plan. No more than 10% of the Plan's assets valued at cost may be invested in foreign securities. The Plan has complied with these limitations for the year ended September 30, 2011.

Fire Pension Trust Fund

The Fire Pension Board recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general objective is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the Prudent Investor Rule and Chapter 175 of the Florida Statutes.

Permissible investments include obligations of the U. S. Treasury and U. S. agencies, annuities and life insurance contracts, time deposits insured by the FDIC, bonds issued by the State of Israel, real estate (limited to ten percent of Plan assets), common or preferred stocks, and high quality corporate bonds or notes. The Board may invest up to ten percent of the Plan's assets, at cost, in foreign securities.

The Fire Pension Plan held the following fixed income investments as of September 30, 2011:

Investment Type	Fair Value	Rating Moody's	Effective Duration (Years)
U. S. Government & agency obligations	$ 1,070,438	AAA	5.53
Mortgage-backed obligations	2,163,159	A-AA	3.46
Corporate obligations	1,505,132	A-AA	5.96
Temporary investment funds	34,977	Not Rated	Daily
	$ 4,773,706		

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Through its investment policies the Plan manages its exposure to fair value losses arising from increasing interest rates. The Plan limits the effective duration of its fixed investment portfolio through the adoption of nationally accepted risk measure benchmarks.

The Plan invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies such as (1) Government National Mortgage Association, (2) Federal National Mortgage Association, and (3) the Federal Home Loan Mortgage Corporation.

Concentration of credit risk is the risk of loss attributable to the quality of the government's investment in a single issuer. The Plan does not have more than 5% invested in any one investment.

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011, was as follows:

Primary Government:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 11,034,798	$ 3,013	$ -	$ 11,037,811
Construction in progress	1,262,211	1,348,181	-	2,610,392
Total capital assets not being depreciated	12,297,009	1,351,194	-	13,648,203
Other capital assets:				
Buildings	17,920,985	-	-	17,920,985
Other improvements	39,366,777	75,030	-	39,441,807
Machinery and equipment	9,049,679	434,832	61,103	9,423,408
Infrastructure	21,848,701	-	-	21,848,701
Total other capital assets at historical cost	88,186,142	509,862	61,103	88,634,901
Less accumulated depreciation for:				
Buildings	4,629,407	483,109	-	5,112,516
Other improvements	13,181,481	3,225,873	-	16,407,354
Machinery and equipment	6,677,340	570,819	61,103	7,187,056
Infrastructure	11,435,519	436,974	-	11,872,493
Total accumulated depreciation	35,923,747	4,716,775	61,103	40,579,419
Governmental activities capital assets, net	$ 64,559,404	$ (2,855,719)	$ -	$ 61,703,685

Credit risk results from potential default of investments that are not financially sound. Consistent with state law, the Plan guidelines limit its fixed income investments to a quality rating of "A" or equivalent as rated by one or more recognized bond rating service at the time of purchase.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan's investments are uninsured and unregistered and are held in a custodial account in the Plan's name.

Other limitations include (1) no more than 5% of the Plan's assets may be invested in the common or capital stock of any single corporation, (2) the Plan's investment in common stock of any single corporation shall not exceed 5% of such corporation's outstanding common or capital stock, and (3) no more than 65% of the Plan's assets (at cost) are to be invested in common or capital stock or convertible stock. The Plan has complied with these limitations for the year ended September 30, 2011.

NOTE D – PROPERTY TAX

Property taxes are levied on November 1 of each year and are due and payable upon receipt of the notice of levy. The Sarasota County, Florida, Tax Collector's office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services and general obligation debt service for the fiscal year ended September 30, 2011, was $3.004 per $1,000 of assessed taxable property value. Property tax revenues are recognized currently in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes become a lien on the property. The past-due tax certificates are sold at public auction and the proceeds thus collected are remitted to the City.

No accrual for the property tax levy becoming due in November 2011 is included in the accompanying financial statements since such taxes do not meet the necessary criteria.

The property tax calendar is as follows:

July 1	Assessment roll validated.
September 30	Millage resolution approved.
October 1	Beginning of fiscal year for which tax is to be levied.
November 1	Tax bills rendered and due.
November 1 – March 31	Property taxes due with various discount rates.
April 1	Taxes delinquent.
May 31	Tax certificates sold by County.

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
General government	$ 673,451
Finance	8,494
Information services	52,951
Parks and recreation	2,643,377
Police	273,847
Fire	374,605
Public works	690,050
Total governmental activities depreciation expense	$ 4,716,775

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,837,618	$ -	-	$ 1,837,618
Construction in progress	1,735,907	1,250,418	44,861	2,941,464
Total capital assets not being depreciated	3,573,525	1,250,418	44,861	4,779,082
Other capital assets:				
Buildings	8,389,538	-	-	8,389,538
Other improvements	119,765,238	332,029	-	120,097,267
Machinery & equipment	12,336,938	1,006,302	94,300	13,248,940
Total other capital assets at historical cost	140,491,714	1,338,331	94,300	141,735,745
Less accumulated depreciation for:				
Buildings	5,030,711	142,013	-	5,172,724
Other improvements	39,776,875	3,819,871	-	43,596,746
Machinery & equipment	7,485,002	786,017	94,300	8,176,719
Total accumulated depreciation	52,292,588	4,747,901	94,300	56,946,189
Business-type activities capital assets, net	$ 91,772,651	$ (2,159,152)	$ 44,861	$ 89,568,638

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water and sewer utility	$ 3,281,221
Solid waste	339,564
Airport	916,522
Storm water drainage	210,594
Total business-type activities depreciation expense	$ 4,747,901

Commitments

Commitments for uncompleted construction projects at September 30, 2011 consist of the following:

	Amounts Authorized	Expended to Date	Committed
General capital projects	1,056,948	26,667	1,030,281
Airport	1,591,044	293,778	1,297,266
Utilities	269,364	-	269,364
Stormwater Utility	143,037	40,210	102,827
Total	$ 3,060,393	$ 360,655	$ 2,699,738

NOTE F – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at September 30, 2011, is as follows:

Due to/from other funds:

	Due to other funds	
	Non-major Governmental Funds	Totals
Due from other funds:		
General Fund	$ 175,000	$ 175,000

Interfund balances, specifically the due to and due from other funds, are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. Net interfund receivables and payables amount to $175,000. These outstanding balances are paid within the following year.

Advances from/to other funds:

	Advances to other funds:	
	General Fund	Totals
Advances from other funds:		
Water & Sewer Utility Fund	4,287,276	4,287,276
Totals	$ 4,287,276	$ 4,287,276

Interfund balances, specifically advances to and from other funds, are longer-term loans to cover City Council-directed internal financing of certain projects. At September 30, 2011 the City has $4.3 million of this type of internal financing. These balances are assessed an interest charge and repaid over time through operations and transfers.

Interfund transfers:

	Transfers - In:		
	General Fund	Non-major Govermental Funds	Totals
Transfers - Out:			
General Fund	$ -	$ 458,645	$ 458,645
Non-major Governmental Funds	1,766,645	1,913,994	3,680,639
Airport Fund	180,645	-	180,645
Water & Sewer Utility Fund	1,150,288	-	1,150,288
Solid Waste Fund	750,858	-	750,858
Storm Water Drainage Fund	164,587	-	164,587
Totals	$ 4,013,023	$ 2,372,639	$ 6,385,662

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move indirect costs from the user departments to the general fund, and (4) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE G – LONG-TERM LIABILITIES

Long-Term Liability Activity

Long-term liability activity for the year ended September 30, 2011, was as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds	$ 8,235,000	$ -	$ 320,000	$ 7,915,000	$ 330,000
Notes payable	69,442	-	69,442	-	-
Compensated absences	1,550,635	663,957	726,186	1,488,406	724,854
OPEB payable	6,419,529	1,707,039	-	8,126,568	-
Totals	$ 16,274,606	$ 2,370,996	$ 1,115,628	$ 17,529,974	$ 1,054,854
Business-type activities:					
Revenue bonds	$ 14,490,983	$ -	$ 2,635,983	$ 11,855,000	$ 1,875,000
Notes payable	4,865,400	944,000	447,189	5,362,211	474,839
Compensated absences	515,386	184,022	243,354	456,054	223,467
OPEB payable	2,955,879	560,246	-	3,516,125	-
Bond discounts/(premiums)	(162,107)	-	(32,421)	(129,686)	(32,421)
Totals	$ 22,665,541	$ 1,688,268	$ 3,294,105	$ 21,059,704	$ 2,540,885

Payments on bonds and notes that pertain to the City's governmental activities are made by the debt service fund and the general fund. The compensated absence liability and net other postemployment benefit obligation attributed to the governmental activities will be liquidated by the general fund.

Current Year Refunding

In December 2010, the City issued $944,000 in Stormwater and Drainage Refunding Revenue Bond, Series 2010 for the purpose of refunding the Stormwater and Drainage Revenue Bonds, Series 1996 that were issued to finance and acquire equipment and make certain capital improvements to the City’s stormwater management utility system. As a result, the liability for the redeemed bonds was removed from the Statement of Net Assets. The transaction resulted in an economic gain (at present value) of $53,971 and a reduction in future debt service of $379,509.

Description of Debt

	Governmental	Business-Type
$10,000,000 2004 General Obligation Bonds, due in annual installments of $280,000 - $655,000 beginning February 1, 2005 through February 1, 2028; interest at 2.00% - 4.60%; payable from the full faith, credit and taxing authority of the City. Purpose: construct a park, beach renourishment, community center improvements, and fishing pier.	$ 7,915,000	$ -
$944,000 Storm Water and Drainage promissory note, due in annual installments of $138,000 - $165,000 beginning May 1, 2011 through May 1, 2016; interest at 2.15%; payable solely from and secured by future revenues of the City's storm water management utility system. Purpose: Refund Storm Water and Drainage Revenue Bonds (originally issued for various drainage projects) to take advantage of favorable interest rates.	-	806,000
$19,355,000 City of Gulf Breeze, Florida Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 E, due in installments of $60,000 - $2,680,000 through December 1, 2015; interest at 3.875% - 5.125%; secured by future water and sewer revenues. Purpose: Relocation of waste water plant.	-	11,855,000
$683,392 Clean Water State Revolving Fund Loan Agreement CS12066115P, due in semi-annual installments of $23,179 through August 15, 2023; interest at 1.58%; secured by future water and sewer revenues. Purpose: Utility upgrades and improvements.	-	459,995
$6,035,500 Clean Water State Revolving Fund Loan Agreement WWG12066115L, due in semi-annual installments of $205,570 over 20 years; interest at 1.545%; secured by future water and sewer revenues. Purpose: Project A waste water re-use.	-	4,096,216
Total bonds and notes	$ 7,915,000	$ 17,217,211

Debt Maturity

Debt service requirements at September 30, 2011 were as follows:

Year Ended September 30,	Governmental Activities GO Bonds Principal	Interest
2012	$ 330,000	$ 341,208
2013	340,000	330,733
2014	350,000	319,301
2015	365,000	307,008
2016	375,000	293,683
2017-21	2,140,000	1,211,710
2022-26	2,735,000	619,563
2027-28	1,280,000	58,273
Totals	$ 7,915,000	$ 3,481,479

Year Ended September 30,	Business-type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2012	$ 1,875,000	$ 538,313	$ 474,839	$ 155,730
2013	2,320,000	441,605	487,790	142,475
2014	2,425,000	327,066	501,052	128,846
2015	2,555,000	202,534	513,633	114,833
2016	2,680,000	69,010	525,546	100,447
2017-21	-	-	1,978,710	308,780
2022-26	-	-	880,641	34,355
	$ 11,855,000	$ 1,578,528	$ 5,362,211	$ 985,466

Other Long-Term Debt Information

In various years, the City has refinanced several bond issues. Under the terms of the refunding issues, sufficient assets to pay all principal and interest on the refunded issues have been put into special irrevocable escrow accounts at financial institutions. The financial transactions, assets, and liabilities of these special escrow agent accounts are not reflected in the financial statements of the City.

Balances at September 30, 2011, are as follows:

General Government Debt	
Capital Improvement Bonds, Series 1988	$1,020,000

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

No Industrial Revenue Bonds have been issued during this fiscal year.

As of September 30, 2011, there are two series of Industrial Revenue Bonds outstanding with principal amounts payable of $4.25 million (hospital bonds) and $2.82 million (charter school bonds).

NOTE H – EMPLOYEE RETIREMENT SYSTEMS

The City maintains two single-employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans. Each plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are due and a

formal commitment has been made by the employer. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Firefighters' and Police Officers' Pension Plans issue financial reports that include financial statements and required supplementary information. The reports may be obtained from the City of Venice Finance Director.

The plans have adopted Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans*, Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* and Statement No. 50, *Pension Disclosures*. In addition to other disclosures, the GASB requires for the current year and each of the two preceding years, annual pension cost, percentage of annual pension cost contributed, and the net pension obligation at the end of the year. This information is presented later in this note**.**

1. Plan description

FIREFIGHTERS' PENSION PLAN

The City of Venice Firefighters' Pension Plan, a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 175. The City's total current year payroll for fire personnel for the year ended September 30, 2011, was $3,328,354 compared to total actual payroll for the entire City of $16,336,894. At September 30, 2011, membership consisted of:

Retirees, disabled participants, and beneficiaries:	
Currently receiving benefits.	38
Terminated employees entitled to benefits but not yet receiving them.	1
Current employees:	
Vested	15
Nonvested	26
Total	80

The Plan covers permanent City of Venice firefighters. Any participant who has credited service of 10 years and has attained age 55, or 25 years of credited service is eligible to receive benefits. Such a retiree would receive a normal retirement benefit of 3.50% of average final compensation for each year of credited service, plus $175 per month, provided however, in no event shall the monthly benefit exceed one hundred percent of the average final compensation. The Plan provides for early retirement upon obtaining age of 50 and 10 years of credited service, or the completion of 20 years of credited service regardless of age. Early retirement benefits are reduced 2% per year.

The Plan provides disability benefits for both duty related and off-duty related disabilities. The benefit for line of duty disabilities is computed at 50% of the average final salary at the time of disability. The benefit for off-duty disabilities is computed at 50% of the average final salary at the time of disability, provided there are five or more years of credited service. The Plan also provides death benefits for both duty related and off-duty related deaths. For non-service incurred deaths with less than five years of

credited service, the benefit is equal to 100% of the participant's contributions. If the participant has five or more years of service, the benefit is computed at 50% of average final compensation.

Participants are required to contribute 9.75% of their annual salary to the Plan. If an employee separates service from the City before achieving ten years of credited service, the employee will receive 100% of their contributions. Other contributions are received from the State of Florida and the City of Venice. The State of Florida contribution results from the City's share of insurance tax. The City contributes an amount equal to the difference between the total aggregate employee and state contributions for the year and the total cost for the year as shown by the most recent actuarial valuation.

POLICE OFFICERS' PENSION PLAN

The City of Venice Police Officers' Pension Plan, a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 185. The City's total current year payroll for police personnel for the year ended September 30, 2011 was $4,454,595, compared to $16,336,894 for the entire City's payroll. At September 30, 2011 membership consisted of:

Retirees, disabled participants, and beneficiaries:	
Currently receiving benefits.	40
Terminated employees entitled to benefits but not yet receiving them.	6
Members in DROP	5
Current employees:	
Vested	15
Nonvested	27
Total	93

The Plan covers permanent City of Venice police officers. Normal eligibility for retirement benefits is based on 10 years of credited service if the participant has attained age 50, or 25 years of credited service. Such a retiree would receive a normal retirement benefit of 3.50% of average monthly earnings times credited service, plus $175 per month. Average (monthly) final compensation is one-twelfth (1/12) of the average salary of the highest five years of service during the last ten years of credited service prior to retirement, termination, or death, or the career average as a full-time police officer, whichever is greater.

The Plan provides disability benefits for both duty related and non-duty related disabilities. The benefit is computed at 62.5% (service incurred) or 50% (nonservice incurred) of salary at time of disability, plus $175 per month, only after five years of credited service for a non-service incurred disability. The Plan also provides for early retirement upon obtaining the age of 50 and having 10 years of credited service or having 20 years of credited service with deferred benefits payable at the normal retirement date or an actuarially reduced benefit payable immediately. Death benefits are similar to disability benefits, with payments being made to the surviving spouse or dependent children.

Participants are required to contribute 7.25% of their annual salary to the Plan. If an employee separates service from the City before achieving ten years of credited service, the employee will receive 100% of their contributions. Other contributions are received from the State of Florida and the City of Venice.

The State of Florida contribution results from the City's share of insurance tax. The City of Venice is required to fund any deficiencies between the total actuarial contribution requirement and the State Casualty Insurance premium tax and the employee contributions.

A deferred retirement option plan (DROP) is provided to members who are age 50 and have 10 years of credited service, or who have 25 years of credited service. To electing participants, the receipt of their service pension, calculated as of the DROP date, is deferred for up to 60 months. A cash lump sum payment (options available) is made at termination of employment.

2. Funding status and progress

The amount shown below as the actuarial accrued liability is a measure intended to help users assess (a) a pension fund's funded status on a going concern basis and (b) progress being made toward accumulating the assets needed to pay benefits as due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the individual entry age normal actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the fund's level percent of payroll annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date.

FIREFIGHTERS' PENSION PLAN

As of October 1, 2011, the actuarial accrued liability in excess of assets was $17,879,292 determined as follows:

Total Actuarial Accrued Liability	$	32,532,658
Actuarial Value of Assets (market value was $13,573,304)		14,653,366
Actuarial Accrued Liability in Excess of Assets	$	17,879,292

For the Firefighters' actuarial report dated October 1, 2011, the Plan experienced a net change of $1,684,132 in the actuarial accrued liability. There were no changes in benefits, methods or assumptions since the prior valuation.

POLICE OFFICERS' PENSION PLAN

As of October 1, 2011, the actuarial accrued liability in excess of assets was $11,222,229, determined as follows:

Total Actuarial Accrued Liability	$	35,058,254
Actuarial Value of Assets (market value was $21,945,403)		23,836,025
Actuarial Accrued Liability in Excess of Assets	$	11,222,229

For the Police Officers' actuarial report dated October 1, 2011, the Plan experienced a net change of $483,123 in the actuarial accrued liability. There were no changes in benefit provisions since the prior evaluation. A number of changes were made to the actuarial assumptions. These changes resulted from an Experience Study dated December 9, 2011. The assumption changes are as follows:

1) The investment return assumption has been reduced from 8.0% to 7.9% per year compounded annually, net of investment related expenses.

2) The salary increase assumption has been changed from a flat 7% increase for all years to a service based scale according to the following schedule:

Credited Service	Assumption
Less than 10 years	10%
10 or more years	5.50%

3) The rates of termination, represented by age, have been increased for each age.

4) The rates of retirement for both Early and Normal Retirement have been altered. Previously, it was assumed that Members who are eligible for Early Retirement do so 5% of the time. This assumption has been increased by 5% to 10% for each year of Early Retirement eligibility. Members who had attained Normal Retirement eligibility were previously assumed to continue employment for one additional year, and then retire 100% probability. The Normal Retirement rates assumption has been changed as follows:

Number of Years after First Eligiblity for Normal Retirement	Probability of Retirement
0-2	25%
3	100%

Additionally, beginning with the October 1, 2011 valuation, all future UAAL bases will be amortized under the level dollar funding method. All existing prior bases will continue to be amortized as a level percentage of pay which is limited to the actual historical 10-year average payroll growth, or 2.8%. Please note that 2.8% was the payroll growth assumption used in the October 1, 2010 valuation.

FIREFIGHTERS' PENSION PLAN

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

The annual required contribution for the current year was determined as part of the October 1, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases based on years of service as follows:

Years of Service	% Increase in Salary
Less than 10	10.0%
10-15	6.5%
15-20	5.5%
20 and higher	5.0%

Both (a) and (b) included an inflation component of 3%. The assumptions included a cost-of-living adjustment of 3% per year from retirement through age 65. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at October 1, 2010, was 30 years.

During the year ended September 30, 2011, contributions totaling $1,933,491 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of October 1, 2010. The City contributed $1,366,349, members contributed $315,925, and the State contributed $251,217. Payments of fringe benefits and salaries on-behalf of the City’s employees are recognized as revenues and expenditures/expenses during the period.

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Firefighters' Pension Plan
Schedule of Funding Progress
Current and Two Preceding Actuarial Valuations

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2011	$ 14,653,366	$ 32,532,658	$ 17,879,292	45.04%	$ 2,948,616	606.36%
October 1, 2010	14,540,423	30,735,583	16,195,160	47.31%	3,124,463	518.33%
October 1, 2009	14,328,134	28,569,608	14,241,474	50.15%	3,016,684	472.09%

Schedule of Contributions

Fiscal Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Members Contribution	Percent Contribution
2011	$ 1,617,566	$ 1,366,349	$ 251,217	$ 315,925	100.00%
2010	1,249,740	987,645	262,095	302,409	100.00%
2009	1,079,189	845,727	233,462	305,300	100.00%

Three Year Trend Information

Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2011	$ 1,633,263	99%	$ 282,682
2010	1,264,084	99%	298,379
2009	1,092,824	99%	312,723

Firefighters' Pension Plan
Recent development of the Net Pension Asset

	9/30/2011	9/30/2010	9/30/2009
Actuarially Determined Contribution (A)	$ 1,617,566	$ 1,249,740	$ 1,079,189
Interest on NPA	(23,124)	(25,018)	(26,109)
Adjustment to (A)	38,821	39,362	39,744
Annual Pension Cost	1,633,263	1,264,084	1,092,824
Contributions Made	1,617,566	1,249,740	1,079,189
Increase (decrease) in NPA	(15,697)	(14,344)	(13,635)
NPA Beginning of Year	298,379	312,723	326,358
NPA End of Year	$ 282,682	$ 298,379	$ 312,723

POLICE OFFICERS' PENSION PLAN

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

The annual required contribution for the current year was determined as part of the October 1, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 7.0% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include postretirement benefit increases, which are funded by State appropriation when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at October 1, 2010, was 30 years.

During the year ended September 30, 2011, contributions totaling $1,675,369 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of October 1, 2010. The City's actual contribution was $1,259,171, the State's was $185,321, and members contributed $230,877. Payments of fringe benefits and salaries on-behalf of the City’s employees are recognized as revenues and expenditures/expenses during the period.

Police Officers' Retirement Trust Fund
Schedule of Funding Progress
Current and Two Preceding Actuarial Valuations

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2011	$ 23,836,025	$ 35,058,254	$ 11,222,229	67.99%	$ 3,208,345	349.78%
October 1, 2010	25,039,946	35,779,052	10,739,106	69.98%	3,125,995	343.54%
October 1, 2009	24,800,760	34,159,156	9,358,396	72.60%	3,109,302	300.98%

Schedule of Employer Contributions

Fiscal Year Ended September 30	Annual Required Contributions	City Contribution	State Contribution	Members Contributions	Percent Contribution
2011	$ 1,444,492	$ 1,259,171	$ 185,321	$ 230,877	100.00%
2010	1,154,509	967,612	186,898	242,296	100.00%
2009	767,694	562,333	208,681	224,635	100.43%

Three-Year Trend Information

Fiscal Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2011	$ 1,445,748	100%	$ 31,539
2010	1,155,952	100%	32,795
2009	768,037	100%	34,238

Police Officers' Retirement Trust Fund
Recent Development of the Net Pension Asset (NPA)

	9/30/2011	9/30/2010	9/30/2009
Actuarially Determined Contribution (A)	$ 1,444,492	$ 1,154,509	$ 767,694
Interest on NPA	(2,624)	(2,739)	(2,501)
Adjustment to (A)	3,880	4,182	2,844
Annual Pension Cost	1,445,748	1,155,952	768,037
Contributions Made	1,444,492	1,154,509	771,014
Increase (decrease) in NPA	(1,256)	(1,443)	2,977
NPA Beginning of Year	32,795	34,238	31,261
NPA End of Year	$ 31,539	$ 32,795	$ 34,238

3. Investments

Investments are reported at fair value in accordance with GASB Statement No. 25. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

The fair value of the investments of each of the pension plans at September 30, 2011 is as follows. Investments that represent five percent or more of the Plan's net assets are separately identified.

	Fair Value
Firefighters' Pension Plan:	
U.S. Government and agency obligations	$ 1,070,438
Corporate bonds	1,505,132
Equities	5,688,459
Mortgaged-backed obligations	2,163,159
Pooled real estate investments	865,740
Foreign equities	815,401
Temporary investment funds	34,977
Totals	$ 12,143,306
Police Officers' Pension Plan:	
U.S. Government and agency obligations	$ 1,943,327
Corporate bonds	3,996,560
Foreign equities	3,734,597
Foreign corporate bonds	321,854
Equities	11,723,708
Totals	$ 21,720,046

Other Employees' Pension Plans

FLORIDA RETIREMENT SYSTEM

All full-time City employees, with the exception of our public safety officers, are participants in the Florida Retirement System, "The System," a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

The System provides for vesting of benefits after six years of creditable service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Normal retirement benefits for members initially enrolled before July 1, 2011 are available to employees who retire at or after age 62 with six or more years of service. Normal Retirement benefits for members initially enrolled on or

after July 1, 2011 are available to employees who retire at or after age 65 with eight or more years of service. Early retirement or reduced retirement may be taken after a member is vested and is within 20 years of his/her normal retirement age; however, there is a 5 percent benefit reduction for each year remaining from a member's retirement age to his/her normal retirement age.

Service retirement benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

There is a deferred retirement option program (DROP) available to members when the member first reaches eligibility for normal retirement. The Deferred Retirement Option Program allows a member to retire while continuing employment for up to 60 months.

Participating employer and employee contributions are based upon state-wide rates established by the State of Florida. Effective July 1, 2010 the employer contribution rates are applied to regular employee salaries at a rate of 10.77%. Effective July 1, 2011, both employees and employers of the Florida Retirement System are required to make contributions to establish service credit for work performed in a regularly established position. The employer's contribution rate was 4.91% and the employee contribution rate was 3.0% for a total contribution rate of 7.91%. During the year ended September 30, 2011, employer contributions totaling $919,958 and employee contributions totaling $69,162 for a total contribution amount of $989,120 were made in accordance with contribution requirements determined by the Florida Retirement System which is 100% of the required contribution. The prior two years' contributions equaled $1,007,675 for the year ended September 30, 2010, and $1,111,648 for the year ended September 30, 2009.

The City has no responsibility to The System other than to make the periodic payments required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for The System. The report may be obtained by writing to Florida Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, FL 32399-1560.

NOTE I - OTHER POST EMPLOYMENT BENEFITS (OPEB)

1. Plan Description- The City administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). The plan provides health insurance and prescription drug coverage for eligible retirees and their eligible dependants through the City's health insurance program, which covers both active and retired employees. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. In addition, the City's program has elected to provide a substantial subsidy to its retirees to offset the cost of such health insurance. Substantial changes to the terms of the Post Retirement Health Plan were adopted in July of 2011 with an effective date of January 1, 2012.The City does not issue a stand alone financial report on the OPEB Plan.

2. Funding Policy - The contribution requirements of plan members and the City are established and may be amended by the City Council. These contributions are neither mandated nor guaranteed. The City has retained the right to unilaterally modify its payment for retiree health care benefits. As previously indicated, the State of Florida prohibits the City from separately rating retirees and active employees. The City therefore charges both groups an equal, blended premium. Although both groups are charged the same blended rate, GAAP requires the actuarial figures presented to be calculated using age-adjusted premiums approximating claim costs for retirees' separate from active employees. The use of age-adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. The City has elected to contribute to the OPEB Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the OPEB Plan.

Effective January 1, 2012, the terms of the Post Retirement Health Plan were substantially changed. Effective January 1, 2012, Medicare eligible retirees have the option of switching to a Medicare Advantage plan with 70% paid by the City and 30% paid by the retiree. This cost sharing will be changed annually to attain a 50/50 split by January 1, 2016. Premiums paid by non-Medicare eligible retirees will increase to $200 for individual coverage ($400 one dependent, $621 two or more) and will increase 20.5% per year through January 1, 2016 to achieve 50/50 split. Following January 1, 2016, all new retirees will be required to pay 100% of the health plan premium.

As these plan changes were communicated to plan members during the period December, 2010 through July, 2011, and the plan changes were adopted in July of 2011, they are to be considered in the OPEB actuarial valuation with an effective date of July 1, 2011. As a result of these changes, the actuary lowered the election rate to 20%, from 95%, and the family coverage election rate to 50%, from 90%. They also considered an increased retirement rate in 2015.

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. (As an unfunded plan, there are no plan assets to report).

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2011	$ -	$ 22,615,300	$ 22,615,300	0.00%	$ 14,913,794	151.64%
October 1, 2010	-	77,624,083	77,624,083	0.00%	15,255,027	508.84%
October 1, 2009	-	72,320,567	72,320,567	0.00%	14,412,465	501.79%

Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	Amounts Contributed	Implicit Rate Subsidy	Percentage Contributed
2011	$ 3,049,645	$ 666,510	$ 91,125	24.84%
2010	6,062,989	1,083,709	193,064	21.06%
2009	5,752,532	889,821	175,006	18.51%

3. Annual OPEB Cost And Net OPEB Obligation - The contribution required to support the OPEB Plan is calculated based on the annual required contribution (ARC), an amount determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year, calculated using the pay-related, entry-age normal cost method, and to amortize the unfunded actuarial liability over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed, and the change in the City's net OPEB obligation:

	Fiscal Year Ending 2011	Fiscal Year Ending 2010	Fiscal Year Ending 2009
Annual Required Contribution (ARC)	$ 3,049,645	$ 6,062,989	$ 5,752,532
Interest on Net OPEB Obligation	379,957	187,508	-
Adjustments to ARC	(404,682)	(286,021)	-
Annual OPEB Cost (Expense)	3,024,920	5,964,476	5,752,532
Employer Contributions	(666,510)	(1,083,709)	(889,821)
Implicit Rate Subsidy	(91,125)	(193,064)	(175,006)
Increase in Net OPEB Obligation	2,267,285	4,687,703	4,687,705
Net OPEB Obligation - Beginning of Year	9,375,408	4,687,705	-
Net OPEB Obligation - End of Year	$ 11,642,693	$ 9,375,408	$ 4,687,705

4. Funded Status And Funding Progress - As of September 30, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $22.6 million, at September 30, 2011 and the actuarial value of assets was $0 resulting in an unfunded accrued liability (UAAL) of $22.6 million. The covered payroll (annual payroll of active employees covered by the plan) was $14.9 million, and the ratio of the UAAL to the covered payroll was 151.64%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates about the future.

5. Actuarial Methods And Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2011 actuarial valuation, the pay-related entry-age normal actuarial cost method was used. The actuarial assumptions included a 4.00% per annum investment rate of return and a general inflation assumption of 2.50% per year for medical claims and premium rates. Following the January 1, 2012 plan changes, it is assumed that the election rate for retiree medical coverage decreases annually and is 20% following 2015. Election of family coverage is assumed to decrease annually to 50% by 2016. Following January 1, 2012, two thirds of Medicare eligible retirees are assumed to elect the Medicare advantage plan in lieu of the current plan.

The UAAL is funded over a thirty year period which was restarted October 1, 2010 (30-year closed). Plan amendments are amortized over 30 years. Subsequent gains and losses are amortized over a fifteen year period. Amortization payments are level dollar amounts, rather than level percentage of salaries.

NOTE J – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Plan amendments have been made so that the plan is in compliance with IRC Section 457, as amended by the 1996 changes to the tax code. The assets are now held in various custodial accounts. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the various participants of the plan.

NOTE K – SELF-INSURANCE INTERNAL SERVICE FUNDS

The City maintains a self-insurance program with regard to medical benefits for employees and dependents. The City pays the entire cost of the program for active employees. Dependent and retiree coverage is optional and the cost is paid by employee contributions. Risks in excess of fixed individual limits of $80,000 annually are coinsured with an outside insurance carrier. The carrier is also responsible for excess costs over an aggregate limit.

The plan is accounted for through a separate internal service fund. Revenues for this fund consist of amounts contributed by employees and by other City funds. Both revenues and the related charges are recorded as quasi-external transactions. Accordingly, the related charges are reflected as expenditure, or expense items, in the appropriate General Fund department, or in the enterprise funds.

The plan is reviewed annually by an actuarial firm and the actuary's report is used to determine both the basis for premiums charged to other departments and for determining the liability for claims incurred but not reported.

The City also maintains self-insurance programs with regard to workers' compensation and property and general liability risks. The City carries stop loss coverage for workers' compensation, general liability, and insurance policies for property. These plans are also accounted for as separate internal service funds.

The plans are reviewed annually by management to determine the basis for premiums charged to all departments.

There have been no significant reductions in insurance coverage for the current fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The self-insurance funds establish a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the City from September 30, 2008, to September 30, 2011:

	Employees' Group Health Life Insurance Program	Workers' Compensation Self Insurance Program
Liability balance, September 30, 2008	$ 352,000	$ 195,565
Claims and changes in estimates	3,837,243	445,240
Claims payments	(3,877,243)	(474,817)
Liability balance, September 30, 2009	312,000	165,988
Claims and changes in estimates	4,084,577	405,865
Claims payments	(4,111,577)	(379,498)
Liability balance, September 30, 2010	285,000	192,355
Claims and changes in estimates	3,931,936	352,861
Claims payments	(3,991,936)	(295,778)
Liability balance, September 30, 2011	$ 225,000	$ 249,438
Assets available to pay claims at September 30, 2011	$ 2,164,722	$ 1,746,146

NOTE L – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTE M – PRIOR PERIOD RESTATEMENT

Based on a review of the City of Venice, Florida, Police Officers' Pension Trust Fund Plan's DROP benefits, it was determined that the Plan's assets held for DROP benefits totaling $1,378,913 at September 30, 2010 should be included in the Plan's total net assets held for pension benefits instead of reported as a liability of the Plan. This reclassification was due to the fact that DROP benefits do not become a liability of the Plan until the benefits become due and payable to the retiree. Under the Plan document, the point at which DROP benefits become due and payable to the retiree is upon termination of employment. As a result of this restatement, beginning net assets for the Plan were increased by $1,378,913 and totaled $23,898,006 at October 1, 2010.

VENICE
CITY ON THE GULF

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Motor Fuel Tax Fund – Revenue sources for this fund are restricted for street improvement use only. Funds are generally used to reimburse the General Fund for street improvement expenditures made by the Public Works Department.

Contraband-Forfeiture Fund – To account for proceeds derived from the sale of confiscated property.

Police Training Fund – To account for the City's share of fine revenue designated for police related travel.

Boat Registration Fees Fund – To account for the City's portion of boat registration fees designated for boat related activities.

One-Cent Voted Sales Tax Fund – To account for the additional one-cent sales tax revenues designated for the planning, financing, and construction of infrastructure within the City.

Fishing Pier Fund – To account for ticket, concession, and rent revenue designated for fishing pier expenditures.

Second Occupational License Fund – To account for second occupational license revenue restricted for economic development purposes of the City.

Growth Management Training Fund – To account for building permit revenue restricted for travel related to growth management training.

Parking Fines Handicapped Access Improvement Fund – To account for funds from parking fines to be used for handicap accessible programs.

Building Permits Fund – To account for the activities in the building permit functions.

Centennial Community Fund – To account for the administration of the Centennial Community Trust resources, as authorized by City Council.

Historical Commission Fund – To account for donations from private sources specifically earmarked for the Venice Historical Commission.

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest that are not included in proprietary funds (enterprise funds).

Recreation Capital Improvement General Obligation Revenue Bonds, Series 2004 – To account for the financing of certain recreational facilities, interest rates from 1.12% - 4.02%, payable in annual installments of $280,000 - $405,000, maturing in 2018, and term bonds of $2,905,000 yielding 4.46% due in 2024 and $2,455,000 yielding 4.60% due in 2028.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds (enterprise funds).

General Projects Fund - To account for the cost of major park projects and other capital improvement projects which are not street related projects or building and renovations to buildings.

Streets Fund - To account for the cost of major drainage and street improvement capital projects. The projects are generally financed by a combination of several revenue sources, including designated property taxes, road and bridge taxes, interest revenues, and contributions from other funds.

Beach Renourishment Fund - To account for the cost of beach renourishment.

Buildings and Renovations Fund– To account for the cost of constructing new City buildings and/or major renovations to existing City buildings.

2004 GO Bonds Construction Fund – To account for the cost of construction for Tramonto Vista Park on the beach. This is the last year this fund will be reported as the work has been completed.

City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011

	Special Revenue			
	Motor Fuel Tax	Contraband Forfeiture	Police Training	Boat Registration Fees
ASSETS				
Cash and cash equivalents	$ 154,261	$ 12,034	$ 15,519	$ 17,523
Investments	107,198	8,363	10,785	12,177
Accounts receivable (net)	-	-	-	-
Interest receivable	439	34	44	50
Due from other governments	85,691	-	-	-
Total Assets	$ 347,589	$ 20,431	$ 26,348	$ 29,750
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCES				
Restricted for:				
Public safety	-	20,431	26,348	-
Boating and waterway improvements	-	-	-	29,750
Street improvements	347,589	-	-	-
Capital improvements	-	-	-	-
Debt Service	-	-	-	-
Beach Renourishment	-	-	-	-
Committed to:				
Training and education	-	-	-	-
Capital improvements	-	-	-	-
Recreational facility capital improvements	-	-	-	-
Beach Renourishment	-	-	-	-
Historic preservation	-	-	-	-
Unassigned (deficits):	-	-	-	-
Total Fund Balances	347,589	20,431	26,348	29,750
Total Liabilities and Fund Balances	$ 347,589	$ 20,431	$ 26,348	$ 29,750

Special Revenue				
One Cent Voted Sales Tax	Fishing Pier	Second Occupational License	Growth Management Training	Park Fines Handicapped Access Improvement
$ 1,374,785	$ 774,496	$ 88	$ 35,083	$ 30,188
955,359	538,209	61	24,380	20,978
-	3,138	-	-	-
3,911	2,203	-	101	86
302,687	-	-	-	-
$ 2,636,742	$ 1,318,046	$ 149	$ 59,564	$ 51,252
$ -	$ 2,899	$ -	$ 438	$ -
-	-	-	-	-
-	-	5,000	-	-
-	-	-	-	-
-	2,899	5,000	438	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,636,742	-	-	-	51,252
-	-	-	-	-
-	-	-	-	-
-	-	-	59,126	-
-	-	-	-	-
-	1,315,147	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(4,851)	-	-
2,636,742	1,315,147	(4,851)	59,126	51,252
$ 2,636,742	$ 1,318,046	$ 149	$ 59,564	$ 51,252

(Continued)

City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011

	Special Revenue			
	Building Permit Fees	Centennial Community	Historical Commission	Total Special Revenue Funds
ASSETS				
Cash and cash equivalents	$ 3,020	$ 33,521	$ 9,017	$ 2,459,535
Investments	2,099	23,294	6,266	1,709,169
Accounts receivable (net)	-	-	-	3,138
Interest receivable	-	94	-	6,962
Due from other governments	-	-	-	388,378
Total Assets	$ 5,119	$ 56,909	$ 15,283	$ 4,567,182
LIABILITIES				
Accounts payable	$ 1,457	$ -	$ 223	$ 5,017
Accrued liabilities	6,124	-	-	6,124
Due to other funds	170,000	-	-	175,000
Due to other governments	-	-	36	36
Total Liabilities	177,581	-	259	186,177
FUND BALANCES				
Restricted for:				
Public safety	-	-	-	46,779
Boating and waterway improvements	-	-	-	29,750
Street improvements	-	-	-	347,589
Capital improvements	-	-	-	2,687,994
Debt Service	-	-	-	-
Beach Renourishment	-	-	-	-
Committed to:				
Training and education	-	-	-	59,126
Capital improvements	-	-	-	-
Recreational facility capital improvements	-	-	-	1,315,147
Beach Renourishment	-	-	-	-
Historic preservation	-	56,909	15,024	71,933
Unassigned (deficits):	(172,462)	-	-	(177,313)
Total Fund Balances	(172,462)	56,909	15,024	4,381,005
Total Liabilities and Fund Balances	$ 5,119	$ 56,909	$ 15,283	$ 4,567,182

Debt Service	Capital Projects		
2004 General Obligation Bonds	General	Streets	Beach Renourishment
$ 707,185	$ 940,755	$ 780,626	$ 1,323,651
491,433	653,745	542,469	919,826
-	-	-	-
2,012	3,145	1,752	3,767
-	-	-	-
$ 1,200,630	$ 1,597,645	$ 1,324,847	$ 2,247,244
$ -	$ 4,758	$ 52,924	$ 4,430
-	-	-	-
-	-	-	-
-	-	-	164,940
-	4,758	52,924	169,370
-	-	-	-
-	-	-	-
-	-	1,271,923	-
-	-	-	-
1,200,630	-	-	-
-	-	-	250,000
-	-	-	-
-	1,592,887	-	-
-	-	-	-
-	-	-	1,827,874
-	-	-	-
-	-	-	-
1,200,630	1,592,887	1,271,923	2,077,874
$ 1,200,630	$ 1,597,645	$ 1,324,847	$ 2,247,244

(Continued)

City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011

	Capital Projects			
	Buildings and Renovations	2004 GO Bonds Construction	Total Capital Project Funds	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents	$ 108,348	$ -	$ 3,153,380	$ 6,320,100
Investments	75,293	-	2,191,333	4,391,935
Accounts receivable (net)	-	-	-	3,138
Interest receivable	308	-	8,972	17,946
Due from other governments	-	-	-	388,378
Total Assets	$ 183,949	$ -	$ 5,353,685	$ 11,121,497
LIABILITIES				
Accounts payable	$ -	$ -	$ 62,112	$ 67,129
Accrued liabilities	-	-	-	6,124
Due to other funds	-	-	-	175,000
Due to other governments	-	-	164,940	164,976
Total Liabilities	-	-	227,052	413,229
FUND BALANCES				
Restricted for:				
Public safety	-	-	-	46,779
Boating and waterway improvements	-	-	-	29,750
Street improvements	-	-	1,271,923	1,619,512
Capital improvements	-	-	-	2,687,994
Debt Service	-	-	-	1,200,630
Beach Renourishment	-	-	250,000	250,000
Committed to:				
Training and education	-	-	-	59,126
Capital improvements	183,949	-	1,776,836	1,776,836
Recreational facility capital improvements	-	-	-	1,315,147
Beach Renourishment	-	-	1,827,874	1,827,874
Historic preservation	-	-	-	71,933
Unassigned:	-	-	-	(177,313)
Total Fund Balances	183,949	-	5,126,633	10,708,268
Total Liabilities and Fund Balances	$ 183,949	$ -	$ 5,353,685	$ 11,121,497

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City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2011

	Special Revenues			
	Motor Fuel Tax	Contraband Forfeiture	Police Training	Boat Registration Fees
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Sales taxes	961,157	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenue	191,605	-	-	17,008
Fines and forfeitures	-	50	4,067	-
Charges for services	-	-	-	-
Interest	8,949	237	303	-
Miscellaneous	-	100	-	-
Total Revenues	1,161,711	387	4,370	17,008
EXPENDITURES				
General government	-	-	-	-
Parks and recreation	-	-	-	-
Police	-	-	8,312	-
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	159
Capital outlay	-	-	-	-
Total Expenditures	-	-	8,312	159
Excess (deficiency) of revenues over (under) expenditures	1,161,711	387	(3,942)	16,849
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,290,903)	-	-	(12,120)
Total other financing sources (uses)	(1,290,903)	-	-	(12,120)
Net change in fund balances	(129,192)	387	(3,942)	4,729
Fund balances (deficits) - beginning of year	476,781	20,044	30,290	25,021
Fund balances (deficits) - end of year	$ 347,589	$ 20,431	$ 26,348	$ 29,750

Special Revenue				
One Cent Voted Sales Tax	Fishing Pier	Second Occupational License	Growth Management Training	Park Fines Handicapped Access Improvement
$ -	$ -	$ -	$ -	$ -
2,415,120	-	-	-	-
-	-	5,583	-	-
-	-	-	-	-
-	-	-	-	8,550
-	378,984	-	-	-
22,111	14,220	40	-	411
-	47,417	-	7,163	-
2,437,231	440,621	5,623	7,163	8,961
-	-	-	6,749	-
-	176,752	-	-	-
-	-	-	-	-
1,822,500	-	21,845	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,822,500	176,752	21,845	6,749	-
614,731	263,869	(16,222)	414	8,961
175,000	-	-	-	20,000
(729,579)	(6,252)	-	-	(4,330)
(554,579)	(6,252)	-	-	15,670
60,152	257,617	(16,222)	414	24,631
2,576,590	1,057,530	11,371	58,712	26,621
$ 2,636,742	$ 1,315,147	$ (4,851)	$ 59,126	$ 51,252

(Continued)

City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2011

	Special Revenue			
	Building Permit Fees	Centennial Community	Historical Commission	Total Special Revenue Funds
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	3,376,277
Licenses and permits	1,075,030	-	-	1,080,613
Intergovernmental revenue	-	-	-	208,613
Fines and forfeitures	-	-	-	12,667
Charges for services	-	-	-	378,984
Interest	1,555	672	155	48,653
Miscellaneous	35	352	3,179	58,246
Total Revenues	1,076,620	1,024	3,334	5,164,053
EXPENDITURES				
General government	527,489	775	3,878	538,891
Parks and recreation	-	-	-	176,752
Police	-	-	-	8,312
Public works	-	-	-	1,844,345
Debt service:				
Principal	1,277	-	-	1,277
Interest and other charges	151	-	-	310
Capital outlay	-	-	-	-
Total Expenditures	528,917	775	3,878	2,569,887
Excess (deficiency) of revenues over (under) expenditures	547,703	249	(544)	2,594,166
OTHER FINANCING SOURCES (USES)				
Transfers in	63,645	-	-	258,645
Transfers out	(432,232)	-	-	(2,475,416)
Total other financing sources (uses)	(368,587)	-	-	(2,216,771)
Net change in fund balances	179,116	249	(544)	377,395
Fund balances (deficits) - beginning of year	(351,578)	56,660	15,568	4,003,610
Fund balances (deficits) - end of year	$ (172,462)	$ 56,909	$ 15,024	$ 4,381,005

Debt Service	Capital Project		
2004 General Obligation Bond	General	Streets	Beach Renourishment
$ 620,784	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	112,103	79,194
-	-	-	-
-	-	-	-
9,398	23,371	17,918	25,799
-	250	276	-
630,182	23,621	130,297	104,993
-	-	-	-
-	43,296	-	263,971
-	-	-	-
-	-	-	-
320,000	-	-	-
351,638	-	-	-
-	215,378	1,131,359	-
671,638	258,674	1,131,359	263,971
(41,456)	(235,053)	(1,001,062)	(158,978)
1,010,223	416,500	387,271	250,000
-	(195,000)	-	-
1,010,223	221,500	387,271	250,000
968,767	(13,553)	(613,791)	91,022
231,863	1,606,440	1,885,714	1,986,852
$ 1,200,630	$ 1,592,887	$ 1,271,923	$ 2,077,874

(Continued)

City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2011

	Capital Project			
	Buildings and Renovation	2004 GO Bond Construction	Total Capital Project Funds	Total Non-Major Governmental Funds
REVENUES				
Property taxes	$ -	$ -	$ -	$ 620,784
Sales taxes	-	-	-	3,376,277
Licenses and permits	-	-	-	1,080,613
Intergovernmental revenue	-	-	191,297	399,910
Fines and forfeitures	-	-	-	12,667
Charges for services	-	-	-	378,984
Interest	2,041	-	69,129	127,180
Miscellaneous	-	-	526	58,772
Total Revenues	2,041	-	260,952	6,055,187
EXPENDITURES				
General government	-	-	-	538,891
Parks and recreation	-	-	307,267	484,019
Police	-	-	-	8,312
Public works	-	-	-	1,844,345
Debt service:				
Principal	-	-	-	321,277
Interest and other charges	-	43	43	351,991
Capital outlay	76,760	1,282	1,424,779	1,424,779
Total Expenditures	76,760	1,325	1,732,089	4,973,614
Excess (deficiency) of revenues over (under) expenditures	(74,719)	(1,325)	(1,471,137)	1,081,573
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	-	1,103,771	2,372,639
Transfers out	-	(1,010,223)	(1,205,223)	(3,680,639)
Total other financing sources (uses)	50,000	(1,010,223)	(101,452)	(1,308,000)
Net change in fund balances	(24,719)	(1,011,548)	(1,572,589)	(226,427)
Fund balances - beginning of year	208,668	1,011,548	6,699,222	10,934,695
Fund balances - end of year	$ 183,949	$ -	$ 5,126,633	$ 10,708,268

City of Venice, Florida
Budget Comparison Schedule
Motor Fuel Tax Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales taxes	$ 1,051,088	$ 1,051,088	$ 961,157	$ (89,931)
Intergovernmental	220,855	220,855	191,605	(29,250)
Interest	18,960	18,960	8,949	(10,011)
Total revenues	1,290,903	1,290,903	1,161,711	(129,192)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,290,903)	(1,290,903)	(1,290,903)	-
Net other financing sources (uses)	(1,290,903)	(1,290,903)	(1,290,903)	-
Net change in fund balances	-	-	(129,192)	(129,192)
Fund balances (deficits) at beginning of year	476,781	476,781	476,781	-
Fund balances (deficits) at end of year	$ 476,781	$ 476,781	$ 347,589	$ (129,192)

City of Venice, Florida
Budget Comparison Schedule
Contraband Forfeiture Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Fees and fines	$ 1,354	$ 1,354	$ 50	$ (1,304)
Interest	297	297	237	(60)
Miscellaneous	-	-	100	100
Total revenues	1,651	1,651	387	(1,264)
EXPENDITURES				
Capital outlay	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Excess (deficiency) of revenues over (under) expenditures	(8,349)	(8,349)	387	8,736
Net change in fund balances	(8,349)	(8,349)	387	8,736
Fund balances (deficits) at beginning of year	20,044	20,044	20,044	-
Fund balances (deficits) at end of year	$ 11,695	$ 11,695	$ 20,431	$ 8,736

City of Venice, Florida
Budget Comparison Schedule
Police Training Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Fees and fines	$ 10,324	$ 10,324	$ 4,067	$ (6,257)
Interest	810	810	303	(507)
Total revenues	11,134	11,134	4,370	(6,764)
EXPENDITURES				
Current:				
Police	20,000	20,000	8,312	11,688
Total expenditures	20,000	20,000	8,312	11,688
Excess (deficiency) of revenues over (under) expenditures	(8,866)	(8,866)	(3,942)	4,924
Net change in fund balances	(8,866)	(8,866)	(3,942)	4,924
Fund balances (deficits) at beginning of year	30,290	30,290	30,290	-
Fund balances (deficits) at end of year	$ 21,424	$ 21,424	$ 26,348	$ 4,924

City of Venice, Florida
Budget Comparison Schedule
Boat Registration Fees Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 14,626	$ 14,626	$ 17,008	$ 2,382
Interest	350	350	-	(350)
Total revenues	14,976	14,976	17,008	2,032
EXPENDITURES				
Debt Service:				
Interest and fiscal charges	-	-	159	(159)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	159	9,841
Excess (deficiency) of revenues over (under) expenditures	4,976	4,976	16,849	11,873
OTHER FINANCING SOURCES (USES)				
Transfers out	(12,120)	(12,120)	(12,120)	-
Net other financing sources (uses)	(12,120)	(12,120)	(12,120)	-
Net change in fund balances	(7,144)	(7,144)	4,729	11,873
Fund balances (deficits) at beginning of year	25,021	25,021	25,021	-
Fund balances (deficits) at end of year	$ 17,877	$ 17,877	$ 29,750	$ 11,873

City of Venice, Florida
Budget Comparison Schedule
One Cent Voted Sales Tax Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales taxes	$ 2,147,297	$ 2,147,297	$ 2,415,120	$ 267,823
Interest	4,336	4,336	22,111	17,775
Total revenues	2,151,633	2,151,633	2,437,231	285,598
EXPENDITURES				
Current:				
Capital outlay	1,822,500	1,822,500	1,822,500	-
Total expenditures	1,822,500	1,822,500	1,822,500	-
Excess (deficiency) of revenues over (under) expenditures	329,133	329,133	614,731	285,598
OTHER FINANCING SOURCES (USES)				
Transfers in	175,000	175,000	175,000	25,226
Transfers out	(729,579)	(729,579)	(729,579)	-
Net other financing sources (uses)	(554,579)	(554,579)	(554,579)	25,226
Net change in fund balances	(225,446)	(225,446)	60,152	285,598
Fund balances (deficits) at beginning of year	2,576,590	2,576,590	2,576,590	-
Fund balances (deficits) at end of year	$ 2,351,144	$ 2,351,144	$ 2,636,742	$ 285,598

City of Venice, Florida
Budget Comparison Schedule
Fishing Pier Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 382,495	$ 382,495	$ 378,984	$ (3,511)
Interest	3,705	3,705	14,220	10,515
Miscellaneous	29,143	29,143	47,417	18,274
Total revenues	415,343	415,343	440,621	25,278
EXPENDITURES				
Current:				
Parks and recreation	264,899	264,899	176,752	88,147
Capital outlay	245,334	-	-	-
Total expenditures	510,233	264,899	176,752	88,147
Excess (deficiency) of revenues over (under) expenditures	(94,890)	150,444	263,869	113,425
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,252)	(6,252)	(6,252)	-
Net other financing sources (uses)	(6,252)	(6,252)	(6,252)	-
Net change in fund balances	(101,142)	144,192	257,617	113,425
Fund balances (deficits) at beginning of year	1,057,530	1,057,530	1,057,530	-
Fund balances (deficits) at end of year	$ 956,388	$ 1,201,722	$ 1,315,147	$ 113,425

City of Venice, Florida
Budget Comparison Schedule
Second Occupational License Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Licenses and permits	$ 7,624	$ 7,624	$ 5,583	$ (2,041)
Interest	689	689	40	(649)
Total revenues	8,313	8,313	5,623	(2,690)
EXPENDITURES				
Current:				
Public works	22,146	22,146	21,845	301
Total expenditures	22,146	22,146	21,845	301
Net change in fund balances	(13,833)	(13,833)	(16,222)	(2,389)
Fund balances (deficits) at beginning of year	11,371	11,371	11,371	-
Fund balances (deficits) at end of year	$ (2,462)	$ (2,462)	$ (4,851)	$ (2,389)

City of Venice, Florida
Budget Comparison Schedule
Growth Management Training Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	$ 6,334	$ 6,334	$ 7,163	$ 829
Total revenues	6,334	6,334	7,163	829
EXPENDITURES				
Current:				
General government	8,500	8,500	6,749	1,751
Total expenditures	8,500	8,500	6,749	1,751
Net change in fund balances	(2,166)	(2,166)	414	2,580
Fund balances (deficits) at beginning of year	58,712	58,712	58,712	-
Fund balances (deficits) at end of year	$ 56,546	$ 56,546	$ 59,126	$ 2,580

City of Venice, Florida
Budget Comparison Schedule
Parking Fines Handicapped Access Improvement Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Fees and fines	$ 4,515	$ 4,515	$ 8,550	$ 4,035
Interest	829	829	411	(418)
Total revenues	5,344	5,344	8,961	3,617
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	(4,330)	(4,330)	(4,330)	-
Net other financing sources (uses)	15,670	15,670	15,670	-
Net change in fund balances	21,014	21,014	24,631	3,617
Fund balances (deficits) at beginning of year	26,621	26,621	26,621	-
Fund balances (deficits) at end of year	$ 47,635	$ 47,635	$ 51,252	$ 3,617

City of Venice, Florida
Budget Comparison Schedule
Building Permit Fees Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Licenses and permits	$ 1,007,219	$ 1,007,219	$ 1,075,030	$ 67,811
Interest	-	-	1,555	1,555
Miscellaneous	1,376	1,376	35	(1,341)
Total revenues	1,008,595	1,008,595	1,076,620	68,025
EXPENDITURES				
Current:				
General government	638,471	642,605	527,489	115,116
Debt service:				
Principal	451	451	1,277	(826)
Interest and fiscal charges	36	136	151	(15)
Capital outlay	750	150	-	150
Total expenditures	639,708	643,342	528,917	114,425
Excess (deficiency) of revenues over (under) expenditures	368,887	365,253	547,703	182,450
OTHER FINANCING SOURCES (USES)				
Transfers in	63,645	63,645	63,645	-
Transfers out	(432,232)	(432,232)	(432,232)	-
Net other financing sources (uses)	(368,587)	(368,587)	(368,587)	-
Net change in fund balances	300	(3,334)	179,116	182,450
Fund balances (deficits) at beginning of year	(351,578)	(351,578)	(351,578)	-
Fund balances (deficits) at end of year	$ (351,278)	$ (354,912)	$ (172,462)	$ 182,450

City of Venice, Florida
Budget Comparison Schedule
Centennial Community Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Interest	$ 1,019	$ 1,019	$ 672	$ (347)
Miscellaneous	1,009	1,009	352	(657)
Total revenues	2,028	2,028	1,024	(1,004)
EXPENDITURES				
Current:				
General government	-	775	775	-
Total expenditures	-	775	775	-
Net change in fund balances	2,028	1,253	249	(1,004)
Fund balances (deficits) at beginning of year	56,660	56,660	56,660	-
Fund balances (deficits) at end of year	$ 58,688	$ 57,913	$ 56,909	$ (1,004)

City of Venice, Florida
Budget Comparison Schedule
Historical Commission Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Interest	$ 252	$ 252	$ 155	$ (97)
Miscellaneous	4,288	4,288	3,179	(1,109)
Total revenues	4,540	4,540	3,334	(1,206)
EXPENDITURES				
Current:				
General government	8,000	8,000	3,878	4,122
Total expenditures	8,000	8,000	3,878	4,122
Net change in fund balances	(3,460)	(3,460)	(544)	2,916
Fund balances (deficits) at beginning of year	15,568	15,568	15,568	-
Fund balances (deficits) at end of year	$ 12,108	$ 12,108	$ 15,024	$ 2,916

City of Venice, Florida
Budget Comparison Schedule
2004 General Obligation Bond Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 611,259	$ 611,259	$ 620,784	$ 9,525
Interest	5,500	5,500	9,398	3,898
Total revenues	616,759	616,759	630,182	13,423
EXPENDITURES				
Debt service:				
Principal	320,000	320,000	320,000	-
Interest and fiscal charges	351,700	351,700	351,638	62
Total expenditures	671,700	671,700	671,638	62
Excess (deficiency) of revenues over (under) expenditures	(54,941)	(54,941)	(41,456)	(13,485)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,010,223	1,010,223	-
Net other financing sources (uses)	-	1,010,223	1,010,223	-
Net change in fund balances	(54,941)	955,282	968,767	13,485
Fund balances (deficits) at beginning of year	231,863	231,863	231,863	-
Fund balances (deficits) at end of year	$ 176,922	$ 1,187,145	$ 1,200,630	$ 13,485

City of Venice, Florida
Budget Comparison Schedule
General Projects Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Interest	$ -	$ -	$ 23,371	23,371
Miscellaneous	-	-	250	250
Total revenues	-	-	23,621	23,621
EXPENDITURES				
Current:				
Parks and recreation	46,500	46,500	43,296	3,204
Capital outlay	370,000	1,557,153	215,378	1,341,775
Total expenditures	416,500	1,603,653	258,674	1,344,979
Excess (deficiency) of revenues over (under) expenditures	(416,500)	(1,603,653)	(235,053)	1,368,600
OTHER FINANCING SOURCES (USES)				
Transfers in	416,500	416,500	416,500	-
Transfers out	(195,000)	(195,000)	(195,000)	-
Net other financing sources (uses)	221,500	221,500	221,500	-
Net change in fund balances	(195,000)	(1,382,153)	(13,553)	1,368,600
Fund balances (deficits) at beginning of year	1,606,440	1,606,440	1,606,440	-
Fund balances (deficits) at end of year	$ 1,411,440	$ 224,287	$ 1,592,887	$ 1,368,600

City of Venice, Florida
Budget Comparison Schedule
Streets Capital Projects Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 112,103	$ 112,103
Interest	17,894	17,894	17,918	24
Miscellaneous	-	277	276	(1)
Total revenues	17,894	18,171	130,297	112,126
EXPENDITURES				
Capital outlay	750,000	1,181,145	1,131,359	49,786
Total expenditures	750,000	1,181,145	1,131,359	49,786
Excess (deficiency) of revenues over (under) expenditures	(732,106)	(1,162,974)	(1,001,062)	161,912
OTHER FINANCING SOURCES (USES)				
Transfers in	387,271	387,271	387,271	-
Net other financing sources (uses)	387,271	387,271	387,271	-
Net change in fund balances	(344,835)	(775,703)	(613,791)	161,912
Fund balances (deficits) at beginning of year	1,885,714	1,885,714	1,885,714	-
Fund balances (deficits) at end of year	$ 1,540,879	$ 1,110,011	$ 1,271,923	$ 161,912

City of Venice, Florida
Budget Comparison Schedule
Beach Renourishment Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 657,830	$ 657,830	$ 79,194	$ (578,636)
Interest	32,215	32,215	25,799	(6,416)
Total revenues	690,045	690,045	104,993	(585,052)
EXPENDITURES				
Parks and recreation	-	-	263,971	(263,971)
Capital outlay	2,032,121	2,272,135	-	2,272,135
Total expenditures	2,032,121	2,272,135	263,971	2,008,164
Excess (deficiency) of revenues over (under) expenditures	(1,342,076)	(1,582,090)	(158,978)	1,423,112
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
Net other financing sources (uses)	250,000	250,000	250,000	-
Net change in fund balances	(1,092,076)	(1,332,090)	91,022	1,423,112
Fund balances (deficits) at beginning of year	1,986,852	1,986,852	1,986,852	-
Fund balances (deficits) at end of year	$ 894,776	$ 654,762	$ 2,077,874	$ 1,423,112

City of Venice, Florida
Budget Comparison Schedule
Building and Renovation Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Interest	$ -	$ -	$ 2,041	$ 2,041
Total revenues	-	-	2,041	2,041
EXPENDITURES				
Capital outlay	-	225,976	76,760	149,216
Total expenditures	-	225,976	76,760	149,216
Excess (deficiency) of revenues over (under) expenditures	-	(225,976)	(74,719)	151,257
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Net other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balances	50,000	(175,976)	(24,719)	151,257
Fund balances (deficits) at beginning of year	208,668	208,668	208,668	-
Fund balances (deficits) at end of year	$ 258,668	$ 32,692	$ 183,949	$ 151,257

City of Venice, Florida
Budget Comparison Schedule
2004 GO Bond Construction Fund
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Interest	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt Service:				
Interest and fiscal charges	-	-	43	(43)
Capital outlay	2,234,786	93,408	1,282	92,126
Total expenditures	2,234,786	93,408	1,325	92,083
Excess (deficiency) of revenues over (under) expenditures	(2,234,786)	(93,408)	(1,325)	(92,042)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,010,223)	(1,010,223)	-
Net other financing sources (uses)	-	(1,010,223)	(1,010,223)	-
Net change in fund balances	(2,234,786)	(1,103,631)	(1,011,548)	92,083
Fund balances (deficits) at beginning of year	1,011,548	1,011,548	1,011,548	-
Fund balances (deficits) at end of year	$ (1,223,238)	$ (92,083)	$ -	$ 92,083

VENICE
CITY ON THE GULF

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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated department to other departments within the City, on a cost-reimbursement basis.

The Employees' Group Health and Life Insurance Fund - To account for receipts and disbursements for health and life insurance claims which are partially self-insured by the City.

The Workers' Compensation Self-Insurance Fund - To account for receipts and disbursements for Workers' Compensation claims which are partially self-insured by the City.

The Employee Flexible Spending Fund - To account for receipts and disbursements of the program established by the City.

The Property and Liability Insurance Fund - To account for receipts and disbursements for insurance of properties for all departments which are partially self-insured by the City.

City of Venice, Florida
Combining Statement of Net Assets
Internal Service Funds
September 30, 2011

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,274,835	$ 1,028,500	$ 10,760
Investments	885,903	714,720	7,477
Accounts receivable (net)	357	-	-
Interest receivable	3,627	2,926	30
Total assets	2,164,722	1,746,146	18,267
LIABILITIES			
Current liabilities:			
Accounts payable	$ 341,847	$ 1,109	$ -
Accrued liabilities	706	921	-
Accrued insurance claims	225,000	249,438	-
Total liabilities	567,553	251,468	-
NET ASSETS			
Unrestricted	1,597,169	1,494,678	18,267
Total net assets	$ 1,597,169	$ 1,494,678	$ 18,267

Governmental Activities	
Property and Liability Insurance	**Total Internal Service Funds**
$ 459,225	$ 2,773,320
319,123	1,927,223
403	760
1,305	7,888
780,056	4,709,191
$ 2,659	$ 345,615
548	2,175
-	474,438
3,207	822,228
776,849	3,886,963
$ 776,849	$ 3,886,963

City of Venice, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For Fiscal Year Ended September 30, 2011

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
OPERATING REVENUES			
Charges for services	$ 3,449,350	$ 299,556	$ -
Miscellaneous	-	1,427	114,437
Total operating revenues	3,449,350	300,983	114,437
OPERATING EXPENSES			
Personal services	67,080	41,120	-
Insurance	3,931,936	352,861	-
Professional services	397,040	28,478	-
Other services and charges	-	-	107,338
Total operating expenses	4,396,056	422,459	107,338
Operating income (loss)	(946,706)	(121,476)	7,099
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	33,115	20,728	239
Net non-operating revenues (expenses)	33,115	20,728	239
Change in net assets	(913,591)	(100,748)	7,338
Total net assets - beginning	2,510,760	1,595,426	10,929
Total net assets - ending	$ 1,597,169	$ 1,494,678	$ 18,267

Governmental Activities	
Property and Liability Insurance	**Total Internal Service Funds**
$ 944,196	$ 4,693,102
48,768	164,632
992,964	4,857,734
34,129	142,329
837,009	5,121,806
75,000	500,518
-	107,338
946,138	5,871,991
46,826	(1,014,257)
3,376	57,458
3,376	57,458
50,202	(956,799)
726,647	4,843,762
$ 776,849	$ 3,886,963

City of Venice, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2011

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 3,449,339	$ 300,983	$ 114,437
Payments to suppliers	(4,790,234)	(408,915)	(107,345)
Payments to employees	(67,080)	41,120	-
Net cash provided (used) by operating activities	(1,407,975)	(66,812)	7,092
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,477,491	916,259	7,546
Purchase of investments	(1,445,421)	(1,166,122)	(12,199)
Interest earnings on cash and investments	38,049	22,119	282
Net cash provided by (used for) investing activities	70,119	(227,744)	(4,371)
Net increase (decrease) in cash and cash equivalents	(1,337,856)	(294,556)	2,721
Cash and cash equivalents at beginning of year	2,612,691	1,323,056	8,039
Cash and cash equivalents at end of year	$ 1,274,835	$ 1,028,500	$ 10,760
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (946,706)	$ (121,476)	$ 7,099
Change in assets and liabilities:			
Accounts receivable	(11)	-	-
Accounts payable	(393,150)	-	(7)
Accrued liabilities	(8,108)	(2,419)	-
Accrued insurance claims	(60,000)	57,083	-
Net cash provided (used) by operating activities	$ (1,407,975)	$ (66,812)	$ 7,092

Governmental Activities	
Property and Liabilitiy Insurance	Total Governmental Activities
$ 992,964	$ 4,857,723
(915,429)	(6,221,923)
(34,129)	(60,089)
43,406	(1,424,289)
391,636	2,792,932
(520,674)	(3,144,416)
3,845	64,295
(125,193)	(287,189)
(81,787)	(1,711,478)
541,012	4,484,798
$ 459,225	$ 2,773,320
$ 46,826	$ (1,014,257)
-	(11)
(2,468)	(395,625)
(952)	(11,479)
-	(2,917)
$ 43,406	$ (1,424,289)

TRUST FUNDS

Trust Funds are used to administer resources reserved and held by a governmental unit as the trustee or as the agent for others. Use of these Trust Funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other authority.

PENSION TRUST FUNDS:

Police Officers' Retirement Trust Fund accounts for receipts and disbursements for our police officers. The City administers the funds only as authorized by the Police Officer s Pension Board.

Firefighters' Retirement Trust Fund accounts for receipts and disbursements for our firefighters. The City administers the funds only as authorized by the Firefighters Pension Board.

City of Venice, Florida
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
September 30, 2011

	Police Officers' Retirement	Firefighters' Retirement	Total Pension Funds
ASSETS			
Cash and cash equivalents	$ 1,594,932	$ 1,605,387	$ 3,200,319
Contributions receivable	-	53,561	53,561
Interest and dividends receivable	69,430	30,806	100,236
Prepaid expenses	-	751	751
Investments, at fair value:			
U.S. Government and agency obligations	1,943,327	1,070,438	3,013,765
Mortgage-backed obligations	-	2,163,159	2,163,159
Domestic corporate bonds	3,996,560	1,505,132	5,501,692
Foreign corporate bonds	321,854	-	321,854
Domestic equities	11,723,708	5,688,459	17,412,167
Foreign equities	3,734,597	815,401	4,549,998
Pooled real estate investment fund	-	865,740	865,740
Temporary investment funds	-	34,977	34,977
Total investments	21,720,046	12,143,306	33,863,352
Total Assets	23,384,408	13,833,811	37,218,219
LIABILITIES			
Accounts payable	-	23,821	23,821
Accrued Liabilities	200,001	260,506	460,507
Total Liabilities	200,001	284,327	484,328
NET ASSETS			
Held in trust for pension benefits	$ 23,184,407	$ 13,549,484	$ 36,733,891

City of Venice, Florida
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended September 30, 2011

	Police Officers' Retirement	Firefighters' Retirement	Total Pension Funds
ADDITIONS			
Contributions:			
Employer	$ 1,271,518	$ 1,366,349	$ 2,637,867
Plan members	230,877	315,925	546,802
State of Florida (passed through general fund)	185,321	251,217	436,538
Total contributions	1,687,716	1,933,491	3,621,207
Investment income:			
Net appreciation (depreciation) in fair value of investments	(461,577)	(113,538)	(575,115)
Interest and dividends	595,892	331,969	927,861
Investment income (loss)	134,315	218,431	352,746
Less investment expenses	(132,953)	(92,335)	(225,288)
Net investment income (loss)	1,362	126,096	127,458
Total additions	1,689,078	2,059,587	3,748,665
DEDUCTIONS			
Benefits	2,349,442	1,503,806	3,853,248
Administrative expense	53,235	55,371	108,606
Total deductions	2,402,677	1,559,177	3,961,854
Change in net assets	(713,599)	500,410	(213,189)
Net assets held in trust for pension benefits - beginning of year	22,519,093	13,049,074	35,568,167
Prior Year Restatement	1,378,913	-	1,378,913
Beginning of Year (Adjusted)	23,898,006	13,049,074	36,947,080
Net assets held in trust for pension benefits - end of year	$ 23,184,407	$ 13,549,484	$ 36,733,891

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION

This part of the City of Venice's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Venice, Florida
Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities								
Invested in capital assets, net of related debt	$ 53,788,685	$ 56,254,962	$ 56,144,537	$ 48,816,977	$ 42,034,017	$ 35,385,725	$ 32,394,871	$ 21,357,992
Restricted	4,332,318	456,963	432,556	10,246,587	10,021,925	11,233,395	8,639,836	13,830,066
Unrestricted	13,165,605	21,244,184	24,958,239	22,518,909	19,937,818	14,161,251	12,338,660	8,921,892
Total governmental activities net assets	$ 71,286,608	$ 77,956,109	$ 81,535,332	$ 81,582,473	$ 71,993,760	$ 60,780,371	$ 53,373,367	$ 44,109,950
Business-type activities								
Invested in capital assets, net of related debt	$ 72,481,113	$ 72,578,375	$ 72,628,925	$ 72,556,158	$ 72,371,861	$ 68,148,618	$ 64,302,227	$ 59,247,036
Restricted	4,698,588	3,533,319	3,030,990	2,469,958	2,761,605	2,469,958	3,064,894	3,059,105
Unrestricted	11,586,071	8,127,028	4,922,572	4,236,094	1,675,878	1,443,159	3,567,409	3,459,353
Total business-type activities net assets	$ 88,765,772	$ 84,238,722	$ 80,582,487	$ 79,262,210	$ 76,809,344	$ 72,061,735	$ 70,934,530	$ 65,765,494
Primary government								
Invested in capital assets, net of related debt	$ 126,269,798	$ 128,833,337	$ 128,773,462	$ 121,373,135	$ 114,405,878	$ 103,534,343	$ 96,697,098	$ 80,605,028
Restricted	9,030,906	3,990,282	3,463,546	12,716,545	12,783,530	13,703,353	11,704,730	16,889,171
Unrestricted	24,751,676	29,371,212	29,880,811	26,755,003	21,613,696	15,604,410	15,906,069	12,381,245
Total primary government net assets	$ 160,052,380	$ 162,194,831	$ 162,117,819	$ 160,844,683	$ 148,803,104	$ 132,842,106	$ 124,307,897	$ 109,875,444

2004 was first year of implementation of GASB 34. As the data becomes available we will present ten year historic trend.

City of Venice, Florida
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year							
Expenses	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:								
General government	$ 5,198,807	$ 5,920,863	$ 7,965,653	$ 6,299,922	$ 6,113,770	$ 6,564,303	$ 5,752,028	$ 5,162,923
Finance	1,356,326	1,431,757	1,558,111	999,886	1,116,887	1,039,800	783,201	911,459
Information services	812,838	781,431	738,468	810,482	770,597	718,328	-	-
Parks & recreation	4,025,781	3,728,776	4,174,416	2,349,277	1,359,061	1,353,766	-	-
Police	8,721,527	9,261,347	8,145,302	7,159,554	7,547,982	8,057,679	6,263,970	6,102,497
Fire	6,947,947	7,022,925	6,371,069	5,215,533	4,806,412	4,914,517	4,016,275	3,636,137
Public works	3,964,456	2,351,870	2,259,029	1,696,343	1,919,293	1,937,215	2,185,999	2,357,769
Interest on long-term debt	358,664	371,857	423,242	366,977	503,153	671,086	615,122	394,337
Total Governmental Activities	31,386,346	30,870,826	31,635,290	24,897,974	24,137,155	25,256,694	19,616,595	18,565,122
Business-type activities:								
Water and sewer	13,946,052	13,659,439	14,352,665	13,359,880	13,076,661	14,177,929	13,461,266	12,175,366
Solid waste	3,726,327	4,038,082	4,211,740	4,004,394	3,852,875	3,912,072	4,214,786	3,848,343
Airport	1,911,288	2,277,568	2,036,569	1,616,095	1,617,371	1,300,679	-	-
Stormwater drainage	815,119	866,768	879,087	579,923	590,057	786,203	-	-
Other	-	-	-	-	-	-	2,489,916	2,366,935
Total Business-Type Activities	20,398,786	20,841,857	21,480,061	19,560,292	19,136,964	20,176,883	20,165,968	18,390,644
Total Primary Government	$ 51,785,132	$ 51,712,683	$ 53,115,351	$ 44,458,266	$ 43,274,119	$ 45,433,577	$ 39,782,563	$ 36,955,766
Program Revenues								
Governmental Activities:								
Charges for Services:								
General government	$ 1,800,769	$ 1,901,769	$ 1,783,389	$ 2,003,856	$ 1,820,031	$ 3,058,345	$ 4,031,632	$ 3,481,418
Finance	-	-	-	-	-	-	64,089	20,024
Information services	-	-	-	-	-	-	-	-
Parks & recreation	-	-	-	-	357,853	330,202	-	-
Police	-	-	-	88,639	95,505	120,147	487,734	235,104
Fire	-	-	12,523	60,067	48,557	47,602	344,624	227,631
Public works	-	-	-	85,297	110,626	87,916	629,317	351,672
Operating grants and contributions	713,750	826,223	47,910	12,360	-	93,387	27,394	105,980
Capital grants and contributions	208,037	979,819	3,804,691	2,109,662	-	573,553	2,380,311	2,319,532
Total Governmental Activities Program Revenues	2,722,556	3,707,811	5,648,513	4,359,881	2,432,572	4,311,152	7,965,101	6,741,361
Business-type activities:								
Charges for services:								
Water and sewer	18,330,838	18,108,135	16,962,042	16,210,376	13,595,250	12,605,867	12,529,765	11,400,654
Solid waste	4,883,706	4,886,855	4,919,755	4,944,586	5,055,959	4,540,051	4,089,977	3,446,641
Airport	1,935,056	1,936,363	1,888,786	1,797,152	1,693,113	1,557,852	-	-
Stormwater drainage	1,357,669	1,344,248	1,342,375	1,259,310	1,240,263	1,155,712	-	-
Other	-	-	-	-	-	-	2,634,688	2,565,911
Operating grants and contributions	71,658	14,100	-	-	-	27,475	-	-
Capital grants and contributions	359,141	890,617	444,498	392,984	4,561,702	3,883,712	5,114,334	2,141,003
Total Business-Type Activities Program Revenues	26,938,068	27,180,318	25,557,456	24,604,408	26,146,287	23,770,669	24,368,764	19,554,209
Total Primary Government Program Revenues	$ 29,660,624	$ 30,888,129	$ 31,205,969	$ 28,964,289	$ 28,578,859	$ 28,081,821	$ 32,333,865	$ 26,295,570

2004 was first year of implementation of GASB 34. As the data becomes available we will present ten year historic trend.

(Continued)

City of Venice, Florida
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Net (expense)/revenue								
Governmental Activities	$ (28,663,790)	$ (27,163,015)	$ (25,986,777)	$ (20,538,093)	$ (21,704,583)	$ (20,945,542)	$ (11,651,494)	$ (11,823,761)
Business-type activities	6,539,282	6,338,461	4,077,395	5,044,116	7,009,323	3,593,786	4,202,796	1,163,565
Total primary government net expense	$ (22,124,508)	$ (20,824,554)	$ (21,909,382)	$ (15,493,977)	$ (14,695,260)	$ (17,351,756)	$ (7,448,698)	$ (10,660,196)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property taxes	$ 8,288,532	$ 9,217,044	$ 10,581,789	$ 12,389,422	$ 14,617,977	$ 9,376,276	$ 11,221,163	$ 9,353,806
Sales taxes	4,987,554	4,402,702	4,535,649	4,740,682	3,809,873	3,921,812	-	-
Excise taxes	1,809,671	1,979,696	1,822,560	1,774,534	1,766,935	3,643,219	-	-
Franchise fees	1,912,512	1,788,025	1,912,443	2,029,285	1,861,315	1,727,851	1,458,340	1,359,041
Intergovernmental	1,758,590	2,057,677	2,545,037	2,581,898	5,356,379	4,822,574	6,256,995	5,512,767
Investment earnings	442,335	404,474	848,836	1,000,375	1,552,179	921,722	484,402	199,841
Miscellaneous	548,717	925,235	694,870	281,828	1,050,484	842,925	1,431,632	456,484
Special Item	-	-	-	2,425,952	-	-	-	-
Transfers, net	2,246,378	2,808,939	2,998,452	2,902,830	2,902,830	3,096,167	62,379	(48,709)
Total governmental activities	21,994,289	23,583,792	25,939,636	30,126,806	32,917,972	28,352,546	20,914,911	16,833,230
Business-Type Activities:								
Investment earnings	234,146	126,713	241,334	311,580	638,903	627,423	1,028,619	1,337,787
Gain on asset sales	-	-	-	-	-	-	-	213,661
Miscellaneous	-	-	-	-	2,213	2,163	-	109,553
Transfers, net	(2,246,378)	(2,808,939)	(2,998,452)	(2,902,830)	(2,902,830)	(3,096,167)	(62,379)	48,709
Total business-type activities	(2,012,232)	(2,682,226)	(2,757,118)	(2,591,250)	(2,261,714)	(2,466,581)	966,240	1,709,710
Total primary government	19,982,057	20,901,566	23,182,518	27,535,556	30,656,258	25,885,965	21,881,151	18,542,940
Change in Net Assets								
Governmental activities	(6,669,501)	(3,579,223)	(47,141)	9,588,713	11,213,389	7,407,004	9,263,417	5,009,469
Business-type activities	4,527,050	3,656,235	1,320,277	2,452,866	4,747,609	1,127,205	5,169,036	2,873,275
Total primary government	$ (2,142,451)	$ 77,012	$ 1,273,136	$ 12,041,579	$ 15,960,998	$ 8,534,209	$ 14,432,453	$ 7,882,744

2004 was first year of implementation of GASB 34. As the data becomes available we will present ten year historic trend.

City of Venice, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 3

	Fiscal Year			
	2011	2010	2009	2008
General Fund				
Reserved	$ -	$ 5,074,866	$ 5,342,307	$ 6,627,747
Unreserved	-	9,773,921	10,965,345	11,404,730
Nonspendable	4,791,037	-	-	-
Restricted	244,676	-	-	-
Committed	205,142	-	-	-
Assigned	-	-	-	-
Unassigned	7,772,036	-	-	-
Total General Fund:	13,012,891	14,848,787	16,307,652	18,032,477
All other governmental funds				
Reserved	-	6,940,919	207,456	10,196,587
Unreserved, reported in:				
Special Revenue Funds	-	3,993,776	1,326,901	2,573,837
Debt Service Funds	-	-	25,184	-
Capital Project Funds	-	-	8,438,332	-
Restricted, reported in:				
Special Revenue Funds	3,112,112	-	-	-
Debt Service Funds	1,200,630	-	-	-
Capital Project Funds	1,521,923	-	-	-
Committed, reported in:				
Special Revenue Funds	1,446,206	-	-	-
Capital Project Funds	3,604,710	-	-	-
Unassigned, reported in:				
Special Revenue Funds	(177,313)	-	-	-
Total All Other Governmental Funds:	10,708,268	10,934,695	9,997,873	12,770,424
Total Governmental Funds:	$ 23,721,159	$ 25,783,482	$ 26,305,525	$ 30,802,901

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011
Fiscal years 2002-2010 amounts were not restated to reflect the fund balance categories.

	Fiscal Year				
2007	2006	2005	2004	2003	2002
$ 10,574,144	$ 12,623,396	$ 1,901,862	$ 1,666,440	$ 1,869,948	$ 1,248,611
6,416,646	3,093,288	10,913,769	7,768,191	6,275,526	5,287,786
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,990,790	15,716,684	12,815,631	9,434,631	8,145,474	6,536,397
10,026,346	-	-	-	-	634,565
1,936,343	2,721,889	3,490,165	2,689,517	3,298,621	3,172,765
-	509,600	599,593	631,807	631,625	-
-	7,337,718	4,550,078	10,508,742	1,940,016	5,973,797
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,962,689	10,569,207	8,639,836	13,830,066	5,870,262	9,781,127
$ 28,953,479	$ 26,285,891	$ 21,455,467	$ 23,264,697	$ 14,015,736	$ 16,317,524

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City of Venice, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 4

	Fiscal Year			
	2011	2010	2009	2008
Revenues:				
Taxes	$ 15,085,757	$ 15,599,442	$ 16,939,998	$ 18,904,638
Franchise fees	1,912,512	1,788,025	1,912,443	2,029,285
Licenses & permits	1,325,033	1,312,205	1,261,300	1,491,748
Intergovernmental revenues	2,680,377	3,863,719	6,397,638	4,789,216
Charges for services	431,998	540,985	474,768	572,175
Fees and Fines	43,738	48,579	59,842	88,639
Interest and investments earnings	384,877	351,637	737,294	929,997
Administrative charges to other funds	-	-	-	-
Miscellaneous	548,717	926,092	693,711	281,828
Charges for stormwater drainage	-	-	-	-
Total Revenues	22,413,009	24,430,684	28,476,994	29,087,526
Expenditures				
General government services	5,980,606	6,341,338	8,385,035	7,079,607
Public safety	13,647,396	13,641,993	12,463,758	12,156,924
Public works (includes Parks & Recreation)	4,473,201	2,727,889	2,917,332	3,024,778
Bond issue costs	-	-	-	-
Stormwater drainage	-	-	-	-
Capital outlay	1,877,155	4,319,557	10,530,950	8,646,485
Debt service				
Principal	384,849	367,147	1,241,144	1,277,385
Interest	358,503	363,742	434,603	381,708
Total Expenditures	26,721,710	27,761,666	35,972,822	32,566,887
Excess (deficiency) of revenues over (under) expenditures	(4,308,701)	(3,330,982)	(7,495,828)	(3,479,361)
Other financing sources (uses)				
Transfers from other funds	6,385,662	5,581,974	9,226,250	10,583,725
Transfers to other funds	(4,139,284)	(2,773,035)	(6,227,798)	(7,680,894)
Discount on general obligation debt	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Proceeds from capital lease	-	-	-	-
Special item	-	-	-	2,425,952
Total other financing sources (uses)	2,246,378	2,808,939	2,998,452	5,328,783
Net Change in Fund Balance	$ (2,062,323)	$ (522,043)	$ (4,497,376)	$ 1,849,422
Debt Service as a percentage of non-capital expenditures	2.99%	3.12%	6.59%	6.94%

	Fiscal Year				
2007	2006	2005	2004	2003	2002
$ 20,194,785	$ 16,941,307	$ 11,221,163	$ 9,353,806	$ 8,389,598	$ 7,617,174
1,861,315	1,727,851	1,458,340	1,359,041	1,201,186	1,137,360
1,765,693	2,991,377	3,703,663	3,298,685	2,232,902	1,067,343
5,356,379	5,115,954	8,233,052	7,638,279	5,957,825	5,827,692
571,375	532,688	397,721	353,826	365,689	308,125
95,505	120,146	138,222	104,635	109,220	111,563
1,449,099	905,931	-	-	-	-
-	-	4,828,195	1,647,226	2,124,168	1,719,293
1,050,482	890,798	-	1,053,411	1,135,822	1,337,566
-	-	-	-	-	979,917
32,344,633	29,226,052	29,980,356	24,808,909	21,516,410	20,106,033
7,512,459	7,239,303	8,001,187	7,235,145	6,066,403	5,328,029
11,966,559	12,170,223	11,387,211	10,839,759	9,141,776	8,135,243
2,929,164	2,807,669	2,832,065	2,688,560	2,156,160	2,248,162
-	-	-	162,339	-	-
-	-	-	-	-	783,271
7,506,838	3,455,927	8,313,203	4,108,708	3,833,957	485,748
		1,423,584	931,823	750,768	688,861
1,257,118	1,198,426	-	-	-	-
491,954	620,247	-	-	-	-
31,664,092	27,491,795	31,957,250	25,966,334	21,949,064	17,669,314
680,541	1,734,257	(1,976,894)	(1,157,425)	(432,654)	2,436,719
10,880,673	16,737,038	9,557,602	7,209,644	6,160,703	5,277,646
(8,893,626)	(13,640,871)	(9,473,362)	(7,256,122)	(6,011,298)	(5,349,848)
-	-	-	(66,276)	-	-
-	-	83,424	10,519,137	-	-
-	-	-	-	577,000	-
-	-	-	-	-	-
1,987,047	3,096,167	167,664	10,406,383	726,405	(72,202)
$ 2,667,588	$ 4,830,424	$ (1,809,230)	$ 9,248,958	$ 293,751	$ 2,364,517
7.24%	7.57%	6.02%	4.26%	4.14%	4.01%

City of Venice, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Schedule 5

Fiscal Year Ended 30-Sep	Real Property	Personal Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2011	$ 2,711,971,273	$ 148,656,919	$ 2,860,628,192	$ 3,674,071,034	77.86%
2010	3,013,357,280	159,619,018	3,172,976,298	4,088,276,603	77.61%
2009	3,487,010,981	166,204,632	3,653,215,613	4,796,837,014	76.16%
2008	4,178,548,461	190,054,283	4,368,602,744	5,679,281,890	76.92%
2007	3,976,883,794	158,431,313	4,135,315,107	4,366,055,972	94.72%
2006	2,928,778,736	128,729,536	3,057,508,272	4,150,313,277	73.67%
2005	2,347,391,561	128,302,916	2,475,694,477	3,047,535,293	81.24%
2004	1,982,706,434	116,707,378	2,099,413,812	2,565,227,475	81.84%
2003	1,643,775,574	107,457,235	1,751,232,809	2,069,651,779	84.61%
2002	1,427,159,602	105,589,689	1,532,749,291	1,770,721,289	86.56%

City of Venice, Florida
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Schedule 6

	City of Venice			Overlapping Rates			
				Sarasota County	School District	SWFWMD	
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Total County Millage	Total School Millage	Total SWFWMD Millage	Total Direct & Overlapping Rates
2011	$ 2.779	$ 0.225	$ 3.004	$ 5.273	$ 7.901	$ 0.377	$ 16.555
2010	2.779	0.225	3.004	5.273	7.427	0.387	16.091
2009	2.779	0.205	2.984	5.127	7.045	0.387	15.543
2008	2.779	0.160	2.939	5.127	7.123	0.387	15.576
2007	3.129	0.215	3.344	5.554	7.210	0.422	16.530
2006	3.177	0.218	3.395	5.754	7.861	0.422	17.432
2005	3.225	0.287	3.512	5.750	7.860	0.420	17.542
2004	3.274	-	3.274	5.870	8.370	0.420	17.934
2003	3.355	-	3.355	5.940	8.790	0.420	18.505
2002	3.406	-	3.406	5.120	9.290	0.420	18.236

City of Venice, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule 7

Fiscal Year Ended 09/30	Total Tax Levy for Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
2011	8,593,327	$ 8,249,561	96.0%	$ 25,903	8,275,464	96.3%
2010	9,531,621	9,190,963	96.4%	5,183	9,196,146	96.5%
2009	10,898,897	10,492,073	96.3%	3,872	10,495,945	96.3%
2008	12,839,323	12,338,368	96.1%	6,292	12,344,660	96.1%
2007	13,828,494	13,382,891	96.8%	3,069	13,385,960	96.8%
2006	10,648,965	10,021,025	94.1%	5,163	10,026,188	94.2%
2005	8,694,639	8,664,540	99.7%	(19,193)	8,645,347	99.4%
2004	6,881,552	6,883,393	100.0%	6,051	6,889,444	100.1%
2003	5,874,963	5,866,206	99.9%	2,847	5,869,053	99.9%
2002	5,220,562	5,216,957	99.9%	5,201	5,222,158	100.0%

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of the tax levy. Taxes become delinquent on April 1 of each year, and tax certificates for the full amount of any unpaid taxes are sold at public auction prior to June 1 each year, and the proceeds collected are remitted to the City.

City of Venice, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years

Schedule 8

	Utility System Refunding Revenue Bond					
Fiscal Year	Water & Sewer Charges and other	Less: Operating Expenses [1]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	$ 18,330,838	$ 9,088,165	9,242,673	$ 1,875,000	$ 538,313	3.8
2010	18,108,135	8,905,614	9,202,521	1,635,983	996,527	3.5
2009	16,962,042	10,004,263	6,957,779	2,012,426	1,043,719	2.3
2008	16,210,376	9,530,678	6,679,698	2,150,879	1,121,846	2.0
2007	13,595,250	8,841,164	4,754,086	2,238,224	1,150,651	1.4
2006	12,605,867	8,929,845	3,676,022	2,023,895	1,244,874	1.1
2005	17,175,839	9,066,739	8,109,100	1,559,518	1,228,515	2.9
2004	12,776,468	8,486,407	4,290,061	761,089	1,294,956	2.1
2003	13,171,704	8,122,352	5,049,352	678,472	1,384,873	2.4
2002	16,467,533	7,433,495	9,034,038	659,440	435,560	8.3

(1) Excludes depreciation and amortization.

City of Venice, Florida
Governmental Activities Tax Revenues by Source
Last Eight Fiscal Years
(accrual basis of accounting)

Schedule 9

Fiscal Year Ended September 30	Property Taxes	Sales Taxes	Excise Taxes	Totals
2011	$ 8,288,532	$ 4,987,554	$ 1,809,671	$ 15,085,757
2010	9,217,044	4,402,702	1,979,696	15,599,442
2009	10,581,789	4,535,649	1,822,560	16,939,998
2008	12,389,422	4,740,682	1,774,534	18,904,638
2007	13,435,394	4,992,456	1,766,936	20,194,786
2006	10,051,005	5,130,797	1,759,505	16,941,307
2005	8,354,228	4,970,405	1,662,779	14,987,412
2004	6,657,883	4,394,149	1,526,899	12,578,931

2004 was first year of implementation of GASB 34. As the data becomes available we will present ten year historic trend.

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City of Venice, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 10

	Governmental Activities				Business-Type Activities		
Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Promissory Notes/Bonds	Revenue Bonds	Notes Payable	Capital Leases
2011	$ 7,915,000	$ -	$ -	$ -	$ 11,855,000	$ 5,362,211	$ -
2010	8,235,000	-	-	69,442	14,490,983	4,865,400	-
2009	8,545,000	-	-	126,589	16,503,409	5,181,057	-
2008	8,850,000	760,000	111,857	200,037	18,350,705	5,503,466	33,131
2007	9,145,000	1,495,000	220,340	338,688	20,501,584	5,817,075	64,597
2006	9,435,000	2,200,000	325,553	495,594	22,739,808	6,122,150	96,115
2005	9,720,000	2,830,000	479,174	706,566	24,525,036	6,422,963	125,956
2004	10,000,000	3,445,000	497,167	898,960	26,219,554	6,719,356	154,884
2003	-	4,035,000	105,338	1,135,217	27,110,643	6,848,341	38,463
2002	-	6,980,000	226,845	733,249	26,218,654	243,275	-

(a) See Sechedule 13 for personal income and population data.

Total Primary Government	Percentage Of Personal Income (a)	Per Capita (a)
$ 25,132,211	3.39%	1,187
27,660,825	3.69%	1,247
30,356,055	2.84%	1,371
33,809,196	3.28%	1,526
37,582,284	4.19%	1,741
41,414,220	4.93%	1,991
44,809,695	6.03%	2,237
47,934,921	8.32%	2,393
39,273,002	7.09%	2,039
34,402,023	6.59%	1,895

City of Venice, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Schedule 11

Fiscal Year	Estimated Actual Taxable Value of Property	Population	General Bonds/Notes	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated/ Actual Taxable Value of Property	Net Bonded Debt Per Capita
2011	$ 3,674,071,034	21,165	$ 7,915,000	$ 1,198,618	$ 6,716,382	0.18%	$ 317.33
2010	4,088,276,603	22,176	8,304,442	231,863	8,072,579	0.20%	364.02
2009	4,796,837,014	22,146	8,671,589	231,112	8,440,477	0.18%	381.13
2008	5,679,281,890	22,149	9,810,037	847,101	8,962,936	0.16%	404.67
2007	4,366,055,972	21,584	10,978,687	812,689	10,165,998	0.23%	471.00
2006	4,150,313,277	20,800	12,130,594	663,368	11,467,226	0.28%	551.31
2005	3,047,535,293	20,035	13,256,566	599,593	12,656,973	0.42%	631.74
2004	2,565,227,475	20,035	14,343,960	631,807	13,712,153	0.53%	684.41
2003	2,069,651,779	19,265	5,170,217	631,625	4,538,592	0.22%	235.59
2002	1,770,721,289	18,151	8,880,576	634,965	8,245,611	0.47%	454.28

City of Venice, Florida
Direct and Overlapping Governmental Activities Debt
as of September 30, 2011

Schedule 12

Governmental Unit	Debt Outstanding	Percentage Applicable	Estimated Share of Overlapping Debt
City of Venice direct debt	$ 7,915,000	100%	$ 7,915,000
Sarasota County School Board	237,169,479 [(a)]	7.23% [(c)]	17,147,353
Sarasota County	330,011,826 [(b)]	7.23% [(c)]	23,859,855
Subtotal, overlapping debt	567,181,305		41,007,208
Total direct and overlapping debt	$ 575,096,305		$ 48,922,208

Source: [(a)] School Board of Sarasota County CAFR.

Source: [(b)] Sarasota County CAFR.

[(c)] Determined by dividing:

taxable assessed valuation of the City of Venice	2,860,628,192
by the total taxable valuation of Sarasota County	39,563,842,000

City of Venice, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

Schedule 13

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2011	21,165	740,330,535	$ 34,979	11.0%
2010	22,176	749,526,624	33,799	12.5%
2009	22,146	1,068,655,230	48,255	11.6%
2008	22,149	1,029,618,414	46,486	4.3%
2007	21,584	897,397,968	41,577	3.0%
2006	20,800	839,404,800	40,356	2.6%
2005	20,035	743,558,955	37,113	3.2%
2004	20,035	576,226,635	28,761	4.6%
2003	19,265	554,080,665	28,761	4.6%
2002	18,151	522,040,911	28,761	4.6%

SOURCE:
(a) Bureau of Economic and Business Research, University of Florida. Resident population used in the City's Comprehensive Plan.
(b) Determined by multiplying population by per capita personal income.
(c) U.S. Census Bureau - American FactFinder
(d) Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics Program in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

NOTES: Statistics for unemployment rate are not available for City of Venice. Therefore, figures from North Port-Bradenton-Sarasota, FL Metropolitan Statistical Area were used.

City of Venice, Florida
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Schedule 14

	2011			2002		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Venice HMA Inc. (Venice Regional Medical Center)	$ 65,694,193	1	2.43%			
PGT Industries, Inc.	38,600,812	2	1.43%	$ 11,402,600	2	0.74%
MHC-Bay Indies Vistas Inc	38,382,404	3	1.42%	42,139,300	1	2.74%
Florida Power & Light Co.	23,720,809	4	0.88%			
Sunrise AG Pelican Pointe, LLC (Aston Gardens at Venice, LLC)	21,675,500	5	0.80%			
WCI Communities LLC	20,752,267	6	0.77%			
Verizon	16,839,622	7	0.62%			
Csh-ing Bella Vita LP	11,475,963	8	0.42%			
Southwest Florida Retirement Ctr	11,259,179	9	0.42%			
Triple Diamond	9,608,013	10	0.35%			
Sarasota County Health Facilities				9,452,341	3	0.61%
Aspen Bella Vits LP				8,840,000	4	0.57%
Healthcare Realty Trust, Inc.				7,304,000	5	0.47%
Brighton Gardens				7,118,200	6	0.46%
Alliance BP Ltd. Partnership				6,652,200	7	0.43%
Manor Care of Boynton Beach, Inc.				6,167,400	8	0.40%
Venice Plaza, Ltd.				6,001,000	9	0.39%
Venice Plaza Shopping Center, Ltd.				5,469,000	10	0.35%
Totals	$ 258,008,762		9.54%	$ 110,546,041		7.16%

Source: Sarasota County Property Appraiser

Total taxable assessed value of Venice for 2011	$ 2,707,597,559
Total taxable assessed value of Venice for 2002	$ 1,532,754,601

City of Venice, Florida
Principal Employers
Current Year and Nine Years Ago

Schedule 15 [(a)]

	2011			2002		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School Board of Sarasota County	5,549	1	3.89%	4,417	1	2.89%
Sarasota County Government	3,241	2	2.27%	3,708	2	2.43%
Sarasota Memorial Hospital	3,024	3	2.12%	3,400	3	2.23%
Publix Super Markets	1,474	4	1.03%	3,300	4	2.16%
Venice Regional Medical Center	1,400	5	0.98%	1,428	5	0.94%
PGT Industries (Vinyl Tech)	1,118	6	0.78%	1,150	6	0.75%
Sun Hydraulics Corporation	686	7	0.48%	-	-	-
Tervis Tumbler	670	8	0.47%	-	-	-
Doctors Hospital of Sarasota	624	9	0.44%	908	9	0.59%
Sunset Automotive Group	600	10	0.42%	-	-	-
Wal-Mart	-		-	963	7	0.63%
Charter One Hotels	-		-	950	8	0.62%
City of Sarasota	-		-	852	10	0.56%
	18,386		12.88%	21,076		13.80%
Total Sarasota County Employment:	142,696			152,706		

SOURCE: (a) Sarasota County CAFR

Statistics are for Sarasota County; not available for City of Venice

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City of Venice, Florida
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Schedule 16

	Fiscal Year				
	2011	2010	2009	2008	2007
Department:					
Mayor and Council	7.0	7.0	7.0	7.0	7.0
City Manager	4.0	4.0	4.0	4.0	6.5
Historical Resources	1.0	1.0	1.0	1.0	1.0
City Clerk	5.0	5.0	6.0	6.0	6.0
Finance *	12.0	12.0	13.0	13.0	13.0
Purchasing	-	-	-	-	-
Public Works					
Administration	4.0	4.0	4.0	4.0	4.0
General Maintenance	13.0	13.0	15.0	15.0	15.0
Parks Maintenance	11.0	12.0	14.0	15.0	15.0
Engineering	9.0	9.0	10.0	10.0	9.0
Police	72.0	73.0	73.0	73.0	77.0
Fire	45.5	46.5	46.5	46.0	46.5
Planning & Zoning	4.0	5.0	4.0	5.0	5.0
Information Systems	4.0	4.0	4.0	4.0	5.0
Growth Management	-	-	-	-	-
Administrative Services	5.0	5.0	5.0	5.0	5.0
Building & Code Enforcement	6.0	7.0	8.0	8.0	14.0
Airport	8.0	8.0	8.0	8.0	7.0
Utilities Administration	6.0	2.0	2.0	2.0	2.0
Distribution / Collection	21.0	26.0	28.0	28.0	23.0
Water Production	14.0	14.0	15.0	15.0	17.0
Pollution Ctrl/Water Reclamation	17.0	20.0	21.0	21.0	25.0
Reuse	-	-	-	-	-
Utility Engineering/Construction	-	-	-	-	3.0
Solid Waste	13.5	13.5	13.5	13.5	13.5
Recycling	9.5	9.5	10.5	10.5	10.5
Stormwater	2.0	2.0	2.0	2.0	2.0
TOTAL	**293.5**	**302.5**	**314.5**	**316.0**	**332.0**

* The Finance Department and the Purchasing Department were combined in 2007.

Source: City of Venice Finance Department

Fiscal Year				
2006	2005	2004	2003	2002
7.0	7.0	7.0	7.0	7.0
5.5	7.5	5.3	5.3	4.8
0.5	0.5	0.5	0.5	0.5
6.5	6.5	6.5	6.5	6.0
13.5	13.5	13.5	12.5	12.0
5.0	5.0	5.0	5.0	5.0
4.5	4.0	4.0	4.0	4.0
16.0	16.5	15.5	15.5	15.5
15.0	13.5	13.5	11.5	11.5
10.5	9.5	7.5	7.5	7.0
80.5	80.5	79.5	77.5	71.0
46.5	46.0	46.0	42.0	42.0
5.0	5.0	-	-	-
5.0	6.0	6.0	5.0	7.0
-	-	19.2	19.2	14.7
7.0	7.0	7.0	6.0	5.0
14.0	15.5	-	-	-
7.0	7.5	7.0	7.0	6.0
2.5	-	6.0	4.0	3.0
21.0	20.0	23.0	21.0	22.0
19.0	21.0	21.0	20.0	18.0
26.0	26.0	36.0	34.0	28.0
-	1.0	2.0	2.0	4.0
3.0	2.0	-	-	-
12.0	11.5	11.0	11.0	11.0
12.0	11.5	11.0	11.0	11.0
3.0	2.0	1.0	1.0	1.0
347.5	**346.0**	**354.0**	**336.0**	**317.0**

City of Venice, Florida
Operating Indicators By Function/Program
Current Fiscal Year

Schedule 17

	Fiscal Year	
	2011	2010
Parks and Recreation		
Number of trees trimmed and maintained	6,000	6,000
Number of irrigation systems maintained including:	28	26
Spray heads	2,400	2,300
Zones	181	171
Feet of drip line	31,200	31,000
Police		
Number of sworn officers	45	51
Total calls received	31,753	36,191
Number of crime scenes processed (property division)	36	24
Drug related arrests	93	109
Traffic citations issues	1,435	1,849
Parking citations	451	114
Marine citations	12	51
Traffic warnings	4,115	4,202
Parking warnings	32	95
Marine warnings	418	120
Fire		
Number of firefighters	41	42
Calls for service	2,652	2,442
Public Works		
Miles of roadway	53.7	52
Miles of sidewalk	38.3	38
Signalized intersections	11	11
School zone areas	3	3
Street lights	690	690
Decorative pedestrian lights	30	30
Water and sewer utilities		
Finished water pumped to system (millions of gallons)	720.3	746.0
Number of potable water gallons delivered to customers (millions)	720.7	711.2
Produced number of gallons of reuse water per day (MGD)	2.256	3.399
Solid Waste		
Number of Residential Customers:		
Single family	6,108	6,013
Mobile homes	2,718	2,718
Duplex	90	90
Condos/apartments	7,600	7,600
Number of Commercial Customers:		
Commercial/retail	327	327
Office	140	140
Industrial	116	116
Institutional	60	60
Tons of garbage	15,717	15,539
Tons of yard waste	2,624	3,064
Tons of construction & debris	320	652
Tons of Recycle Material:		
Tons of paper	1,558	1,540
Tons of commingled recyclables	1,040	899
Tons of cardboard	859	781
Tons of scrap metal	68	61
Airport		
Number of T-Hangars	167	167
Number of tie-downs	49	49
Number of shade hangars	3	3
Number of mobile homes	186	186
Storm Water Drainage		
Miles of pipe	19.33	19
Miles of swales and ditches	19	19
Ditch regrading maintenance: tons of material removed	100.74	11.52

Source: Various departments throughout the City of Venice.

Note: started showing this schedule in FY 2010.

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CITY OF VENICE, FLORIDA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Schedule 18

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
Parks and Recreation						
Number of Parks	36	35	35	35	28	28
Park Acreage	383.07	382.07	367.78	367.78	357.58	357.58
Playgrounds	10	10	10	10	8	8
Baseball and Softball Diamonds	9	9	9	9	9	9
Tennis Courts	8	8	8	8	8	8
Basketball Courts	3	3	3	3	3	3
Shuffleboard Courts	18	18	18	18	18	18
Community Centers	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1
Boat Docks	2	2	2	2	2	2
Nature/Fitness Trail (miles)	1.6	1.6	1.6	1.6	1.6	1.6
Soccer Fields	3	3	3	3	3	3
Football Fields	3	3	3	3	3	3
Croquet Courts	3	3	3	3	3	3
Interactive Fountain	1	1	1	1	1	1
Gazebo	2	2	2	2	2	2
Fishing Pier	1	1	1	1	1	1
Paw (Dog) Park	1	1	1	1	1	1
Police						
Police Stations	1	1	1	1	1	1
Fire						
Fire Stations	3	3	3	3	3	2
Fire Hydrants	1,018	1,018	1,018	1,019	1,001	949
Public Works						
Paved Streets (miles)	62	62	62	62	62	60
Unimproved Streets (miles)	0	0	0	0	0	1
Water and Sewer Utilities						
Wastewater Main (miles)						
(includes collection pipe and forcemain)	148.0	147.4	141.4	165.09	147.1	105.0
Equivalent Connections	10,642	18,771	18,765	18,757	18,723	18,296
Water Mains (miles)						
(includes distribution pipe & raw water mains)	201	196.2	196.2	212.06	195.8	174.1
Equivalent Connections	11,710	19,520	19,496	19,483	19,411	19,989
Reclaimed Water Mains (miles)	49.2	49.2	49.2	49.2	49.2	44
Reclaimed Water Bulk connections	7	7	7	7	7	21
Reclaimed Water Residential connections	2,953	2,930	2,908	2,899	2,871	2,418
Stormwater Drainage						
Storm Sewers (miles)	38.41	38.08	38.08	38.08	38.08	38.08

Source: Various departments throughout the City of Venice.

Fiscal Year			
2005	2004	2003	2002
28	28	25	25
357.58	351.08	305.12	305.12
8	11	11	11
9	9	9	9
8	8	8	8
3	3	3	3
18	18	18	18
1	1	1	1
1	1	1	1
2	2	2	2
1.6	1.6	1.6	1.6
3	3	3	3
3	3	3	3
3	0	0	0
1	0	0	0
2	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
2	2	2	2
918	900	773	683
60	56	54	51
1	1	1	1
105.0	103.0	97.7	75.9
18,246	17,919	16,145	15,451
171.4	168.2	148.6	107.05
19,253	18,562	16,292	15,636
38	38	35.3	18.25
20	20	20	20
2,415	2,415	2,387	2,368
38.08	38.08	38.08	37.39

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APPENDIX C

Summary of the Resolution

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APPENDIX C

DEFINITION OF CERTAIN TERMS AND SUMMARY OF THE RESOLUTION

THE SERIES 2012 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE CITY, OR OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF NOR THE CITY SHALL BE OBLIGATED (I) TO LEVY AD VALOREM TAXES ON ANY PROPERTY TO PAY THE PRINCIPAL OF THE SERIES 2012 BONDS, THE INTEREST THEREON, THE RESERVES THEREFOR OR OTHER COSTS INCIDENT THERETO, OR (II) TO PAY THE SAME FROM ANY OTHER FUNDS OF THE CITY EXCEPT FROM THE PLEDGED REVENUES, IN THE MANNER PROVIDED IN THE RESOLUTION. THE SERIES 2012 BONDS SHALL NOT CONSTITUTE A LIEN U0PON THE SYSTEM OR ANY PART THEREOF, OR ON ANY OTHER PROPERTY OF THE CITY, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES IN THE MANNER PROVIDED IN THE RESOLUTION.

Definitions

As used in this Appendix C, the term "Resolution" means, as the context requires, Resolution No. 2012-05 adopted by the City Council of the City (the "City Council") on May 22, 2012, as amended and supplemented from time to time, as particularly supplemented by Resolution No. 2012-15 adopted by the City Council on October 23, 2012, as supplemented by Resolution No. 2012-[__] adopted by the City Council on December 11, 2012 (collectively, the "Resolution"). In addition to terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in this Official Statement and in this Appendix C. Terms used but not defined herein shall have the meanings assigned to such terms in the Resolution.

"Additional Parity Obligations" means any additional obligations hereafter issued in compliance with the terms, conditions and limitations contained in the Resolution and which shall have an equal lien upon the Pledged Revenues and rank equally in all respects with the Series 2012 Bonds and the Parity Obligation.

"Amortization Installments" with respect to any Term Bonds of a series, means an amount or amounts so designated which is or are established for the Term Bonds of such series, provided that (a) each such installment shall be deemed to be due on such interest or principal maturity date of each applicable year as fixed by resolution of the City and shall be a multiple of $5,000 principal amount (or $5,000 Maturity Amount, in the case of Capital Appreciation Term Bonds), and (b) the aggregate of such installments for such series shall equal the aggregate principal amount (or Maturity Amount, in the case of Capital Appreciation Term Bonds) of Term Bonds of such series authenticated and delivered on original issuance.

"Authorized Investments" means, unless otherwise expressly provided by resolution authorizing investments to secure a particular series of Bonds, those obligations in which surplus City funds may be invested under the City's investment policy and the laws of the State of Florida.

"Average Bond Service Requirement" means for any series of Bonds the sum of the Bond Service Requirements in each year in which such series of Bonds is Outstanding divided by the number of years such series of Bonds is scheduled to remain Outstanding.

"Bond Service Requirement" for any Fiscal Year, as applied to the Bonds of any series, means the sum of:

(1) the amount required to pay the interest becoming due on the Bonds of such series during the Fiscal Year, except to the extent that such interest shall have been provided by payments on deposit in the Sinking Fund for a specific period of time. In computing the amount of interest becoming due on any series of Bonds which bear interest at a variable rate, the amount of interest to become due on such series of Bonds at such variable rate shall be assumed to be the rate of interest per annum equal to the highest of: (A) the actual rate borne by the indebtedness on the date of calculation, or, if a qualified fixed-rate hedge has been identified in connection with the indebtedness, the rate borne by the qualified hedge; (B) if the indebtedness has been outstanding for at least twelve months, the average rate borne over the twelve months immediately preceding the date of calculation; and (C) (i) if interest is excludable from gross income or tax-exempt under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index, or (ii) if interest is not so excludable or tax-exempt, the interest rate on direct United States Treasury obligations with comparable maturities plus two hundred (200) basis points; or such other rate as the applicable Municipal Insurers, if any, of the then Outstanding Bonds shall approve;

(2) the amount required to pay the principal of Serial Bonds of such series maturing in such Fiscal Year; and

(3) the Amortization Installments for the Term Bonds of such series for such Fiscal Year. In computing the Bond Service Requirement for any Fiscal Year for Bonds of any series, the City shall assume that an amount of the Term Bonds of such series equal to the Amortization Installment for the Term Bonds of such series for such Fiscal Year will be retired by purchase or redemption in such Fiscal Year or that payment of such amount of Term Bonds at maturity will be fully provided for in such Fiscal Year. When determining the amount of principal and interest on the Bonds which mature in any year, for purposes of the Resolution or the issuance of any Additional Parity Obligations, the stated maturity date of Term Bonds shall be disregarded, and the Amortization Installment, if any, applicable to Term Bonds in such year shall be deemed to mature in such year.

The Bond Service Requirement for any Fiscal Year shall be adjusted to reflect any amounts on deposit in the Sinking Fund in excess of current requirements (including deficiencies in prior requirements) and the principal and interest from Federal Securities irrevocably deposited with the Paying Agent, each to the extent available for payment of the Bond Service Requirement during such Fiscal Year.

"Bond Year" means the annual period ending on a principal maturity date, or, with respect to the Rebate Fund, the period defined by the Code.

"Bonds" means, collectively, the 2012 Note and all Additional Parity Obligations payable from the Pledged Revenues hereafter issued under the terms, conditions, and limitations contained herein.

"Capital Appreciation Bonds" means Bonds of any series so designated, the interest on which is payable only at maturity or earlier redemption, as determined by subsequent resolution of the City duly adopted prior to the issuance of such series.

"Code" means the Internal Revenue Code of 1986, as amended and the United States Treasury regulations promulgated thereunder.

"Consulting Engineer" means such qualified and recognized independent consulting engineer, having favorable repute or skill and experience, with respect to the acts and duties to be provided to the City, as employed or retained by the City to perform the acts and carry out the duties provided in the Resolution.

"Default Rate" means with respect to the 2012 Note, a rate of interest per annum equal to the interest rate on the 2012 Note plus four percent.

"Defeasance Obligations" means (i) cash, (ii) Federal Securities or (iii) any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect a legal defeasance of the Bonds; provided, however, so long as the Lender is a Holder, Defeasance Obligations shall only include cash or Federal Securities.

"Federal Securities" means direct obligations of the United States of America and obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor.

"Fiscal Year" means the period commencing on October 1 of each year and continuing to and including the succeeding September 30, or such other annual period as may be established by law as the City's fiscal year.

"Holder," "Registered Owner" or "Owner" or any similar term means the owner of any registered Bond, as shown on the Bond register maintained by the Registrar.

"Lender" means TD Bank, N.A., a national association organized under the laws of the United States of America, the initial Holder of the Parity Obligation

"Maturity Amount" means the amount payable upon the stated maturity of a Capital Appreciation Bond equal to the principal amount thereof plus all accrued interest thereon from the date of issue to the date of maturity. References in the Resolution to "denominations", shall, with respect to Capital Appreciation Bonds, be deemed to refer to Maturity Amount.

"Maximum Bond Service Requirement" for any and all series of Bonds means, as of any particular date of calculation, the greatest amount of aggregate Bond Service Requirements for the then current or any future Fiscal Year.

"Municipal Bond Insurance Policy" means a bond purchase agreement, letter or line of credit, surety bond, insurance policy or guaranty issued by a Municipal Insurer insuring the scheduled payment of principal of and interest on a series of Bonds.

"Municipal Insurer" means any nationally recognized financial institution or insurer of principal and interest on a series of the Bonds whose bond purchase agreement, letter or line of credit, surety bond, insurance policy or guaranty results, at the date of issuance thereof, in such Bonds being rated in one of the highest two categories (without regard to gradients within a category) by S&P or Moody's.

"Outstanding" when used with reference to any Bonds, means, at any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under the Resolution, except:

(1) Bonds paid, cancelled or surrendered to the Registrar for cancellation on or prior to such date;

(2) Bonds for the payment of which cash shall have been theretofore deposited with the Paying Agent in an amount equal to the principal amount thereof and interest thereon to maturity;

(3) Bonds for the redemption of which cash shall have been theretofore deposited with the Paying Agent in an amount equal to the principal amount thereof, and premium, if any, thereon, and interest thereon to the date of such redemption; provided that notice of such redemption shall have been given as provided in the Resolution or provision satisfactory to the Registrar shall have been made therefore;

(4) Bonds otherwise deemed to be paid as provided in the Resolution;

(5) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Resolution; and

(6) Bonds for which Federal Securities shall be on deposit as provided in the Resolution.

"Outstanding Subordinated Indebtedness" means the Clean Water State Revolving Fund Loan Agreement WWG12066115L dated July 26 2002, and Clean Water State Revolving Fund Loan Agreement CS12066115P dated September 12, 2001, each between the City and the Florida Water Pollution Control Financing Corporation, as amended.

"Paying Agent" means an officer of the City or the bank or trust company which the City may from time to time designate to serve as Paying Agent.

"Policy Costs" means the amounts, if any, required to be paid to Municipal Insurers for reimbursement of draws (including any required interest thereon and expenses of the Municipal Insurer) on any Reserve Account Insurance Policy used to pay such Bonds.

"Project" means the construction, acquisition or equipping of additions, extensions or improvements to the System as shall from time to time be authorized pursuant to subsequent resolution duly adopted by the City prior to the issuance of the applicable series of the Bonds.

"Rebate Fund" means the fund as designated and created pursuant to the Resolution.

"Registrar" means an officer of the governing body of the City or an officer of the bank or trust company which the City may from time to time designate to perform the duties set forth in the Resolution for the Registrar of the Bonds.

"Reserve Account" means the account within the Sinking Fund created pursuant to the Resolution.

"Reserve Account Insurance Policy" means, with respect to any series of Bonds, a policy of insurance, surety bond, line of credit or letter of credit issued by a Municipal Insurer providing for the payment of amounts in respect of the Reserve Requirement to the Paying Agent in lieu of payment from the Reserve Account.

"Revenue Fund" means the fund as designated and created pursuant to the Resolution.

"Serial Bonds" means the Bonds of a series which shall be stated to mature in annual installments.

"Sinking Fund" means the fund so designated, created pursuant to the Resolution.

"State" means the State of Florida.

"State Revolving Fund" means the state revolving loan fund established by the State under the Federal Clean Water Act.

"State Revolving Fund Indebtedness" means a loan of moneys from the State Revolving Fund to the City for the purpose of paying all or any part of the cost of constructing or acquiring improvements permitted to be financed with State Revolving Fund moneys under the Federal Clean Water Act.

"Subordinated Indebtedness" means bonds, notes or other forms of indebtedness, the payment of the principal, premium and interest on which are payable solely from moneys which may from time to time be on deposit in the Subordinated Indebtedness Fund under the Resolution and which is designated as Subordinated Indebtedness by the City in the resolution authorizing the issuance thereof.

"Term Bonds" means the Bonds of a series all of which shall be stated to mature on one date and which shall be subject to retirement by operation of the Bond Amortization Account (as defined in the Resolution).

Summary of Certain Provisions of the Resolution

In addition to provisions described elsewhere in this Official Statement, the following is a summary of certain additional provisions of the Resolution. Neither this Official Statement nor this Appendix C is a complete recital of the terms and provisions of the Resolution, and reference should be made to the Resolution for a complete statement of the terms and provisions of the Resolution.

Resolution to Constitute a Contract; Special Obligations of the City; Security for the Series 2012 Bonds.

In consideration of the acceptance of the Series 2012 Bonds authorized to be issued under the Resolution by those who shall be Registered Owners of the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the City and such Registered Owners and any Municipal Insurer. The covenants and agreements set forth in the Resolution to be performed by the City shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Series 2012 Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Series 2012 Bonds over any other thereof, except as expressly provided therein and in the Resolution.

The Series 2012 Bonds shall be limited and special obligations of the City, payable solely from the Pledged Revenues as provided in the Resolution. The acceptance of the Series 2012 Bonds by the Owners from time to time thereof shall be deemed an agreement between the City and such Owners that the Bonds and the indebtedness evidenced thereby shall not constitute a lien upon the System, or any part thereof, or any other property of the City, but shall constitute a lien only on the Pledged Revenues, in the manner and to the extent provided in the Resolution.

The payment of the principal of and the interest on the Bonds shall be secured forthwith equally and ratably by an irrevocable lien on the Pledged Revenues. The City has irrevocably pledged such Pledged Revenues to the payment of the principal of and the interest on the Bonds, for the reserves therefore, if any (including Policy Costs, if any), and for all other required payments; provided, however, that the lien upon and pledge of the Pledged Revenues to pay Policy Costs shall, however, be subordinate to the payments from Pledged Revenues to the Holders, as provided in the resolution.

Provisions for Redemption.

(1) The Series 2012 Bonds are subject to such provisions regarding redemption by operation of the Bond Amortization Account and at the option of the City as provided in the Resolution. Series 2012 Bonds in denominations greater than $5,000 shall be deemed to be an equivalent number of Series 2012 Bonds of the denomination of $5,000. In the event a 2012 Bond is of a denomination greater than $5,000, a portion of such may be redeemed, but Series 2012 Bonds shall be redeemed only in the principal amount of $5,000 or any integral multiple thereof.

(2) For Series 2012 Bonds, or portions thereof, held by DTC in book-entry only form, any notice of redemption for Bonds to be redeemed shall be given at the time, to the entity and in the manner required by DTC in accordance with its procedures, and the Registrar shall not be required to give any other notice of redemption.

(3) For Series 2012 Bonds, or portions thereof, not held by DTC or cease to be in book-entry only form, notice of redemption for Bonds to be redeemed shall be given by the Registrar (who shall be the Paying Agent for the Series 2012 Bonds, or such other person, firm or corporation as may from time to time be designated by the City as the Registrar for the Series 2012 Bonds) in the name of the City, of the redemption of such Series 2012 Bonds, which notice shall specify (i) the series and maturities and interest rates within maturities, if any, of the Series 2012 Bonds to be redeemed, (ii) the redemption date, (iii) the place or places where amounts due upon such redemption will be payable, (iv) if fewer than all of the Series 2012 Bonds of like maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2012 Bonds to be redeemed, (v) the CUSIP numbers of such Series 2012 Bonds to be redeemed, and, (vi) in the case of Series 2012 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2012 Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal amount thereof in the case of Series 2012 Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable.

Except for notices of mandatory Sinking Fund redemptions by operation of the Bond Amortization Account, or unless there shall be on deposit with the Paying Agent sufficient funds to redeem such Bonds prior to the giving of such notice as required in the Resolution, the notice of redemption given by the Registrar shall expressly provide that such notice of redemption is conditioned upon deposit, with the Paying Agent, of sufficient funds to effect such redemption prior to the date the payment of the redemption price of such Bonds shall be payable. In the event that such moneys are not so deposited by the redemption date for which such conditional notice of redemption has been given, such notice of redemption shall be deemed rescinded and without effect. In addition, in such event, any Bonds submitted for redemption shall be returned to the persons from whom they were received, and the parties shall be restored to the original positions.

The City may also instruct the Registrar to provide conditional notice of redemption, except for mandatory Sinking Fund redemption, which may be conditioned upon any other event. Any notice mailed as provided in the Resolution shall be conclusively presumed to have been duly given upon mailing, whether or not the owner of such Bonds receives the notice.

Any notice mailed as provided in the Resolution shall be conclusively presumed to have been duly given upon mailing, whether or not the owner of such Series 2012 Bond receives the notice.

(4) Notice having been mailed in the manner and under the conditions hereinabove described, the Series 2012 Bonds or portions of Series 2012 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of such Bonds on such date. On the date so designated for redemption, interest on the Series 2012 Bonds or portions of such Bonds so called for redemption shall cease to accrue, such Bonds and portions of such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and the holders of such Bonds or portions of such Bonds, shall have no rights in respect thereof except to receive payment of the redemption price thereof.

(5) Upon surrender of any 2012 Bond for redemption in part only, the City shall issue and deliver to the Registered Owner thereof, the costs of which shall be paid by the Registered Owner, a new 2012 Bond or Series 2012 Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion surrendered.

(6) Upon any optional redemption of Term Bonds in part, the remaining Amortization Installments in respect of such Term Bonds shall be adjusted to reflect such optional redemption, in such manner as the City shall determine, subject to receipt of an opinion of Bond Counsel that such adjustment will not adversely affect the exemption from federal income taxation of interest on any series of tax-exempt Bonds issued under the Resolution.

Covenants of the City.

Certain covenants of the City are described in the body of this Official Statement. (SEE "SECURITY FOR BONDS – Flow of Funds"; " – Investments", " – Rate Covenant", " – Reserve Account", "– Additional Parity Obligations" and " – Subordinated Indebtedness".

In addition, for as long as any of the principal of and interest on any of the Bonds shall be Outstanding and unpaid, or until payment has been provided for as permitted in the Resolution, or until there shall have been set apart in the Sinking Fund, therein established, including the Reserve Account therein, a sum sufficient to pay when due the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon and all amounts due to the Municipal Insurers have been paid, the City covenants with the Holders of any and all Bonds and the Municipal Insurers as follows:

BOOKS AND RECORDS. The City shall keep books and records of the Pledged Revenues of the System which shall be kept separate and apart from all other books, records and accounts of the City, and the Holders of not less than ten percent (10%) of the Bonds and the Lender, so long as the Lender is a Holder, shall have the right, upon written request with reasonable prior notice to the City, to inspect all records, accounts and data of the City relating thereto during normal business hours.

ANNUAL AUDIT. The City shall also, at least once a year, within 180 days after the close of its Fiscal Year, cause the books, records and accounts relating to the System to be properly audited by a recognized independent firm of certified public accountants and shall make available the report of such audits to any Holder. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. In addition the auditor shall evaluate the Issuer's internal control structure over financial reporting and test the Issuer's compliance with certain provisions of laws, regulations, contracts, and grant agreements. These tests are an integral part of an audit performed in accordance with *Government Auditing Standards.* A copy of such annual audit shall regularly be furnished to any

Rating Agency then rating any series of the Bonds and to any Holders of any Bonds who shall have requested in writing that a copy of such reports be furnished them.

ANNUAL BUDGET. The City shall annually prepare and adopt, prior to the beginning of each of its Fiscal Years, a detailed budget (the "Annual Budget") of the estimated expenditures for operation and maintenance of the System during such next succeeding Fiscal Year. The City shall mail copies of such Annual Budgets to any Rating Agency then rating any series of the Bonds and any Holder or Holders of Bonds who shall request the same in writing to the City.

NO MORTGAGE OR SALE OF THE SYSTEM. The City irrevocably covenants, binds and obligates itself not to sell, lease encumber or in any manner dispose of the System as a whole until all of the Bonds shall have been paid in full as to both principal and interest, or payment shall have been duly provided for under the Resolution.

The foregoing provision notwithstanding, the City has reserved the right to sell, lease or otherwise dispose of any of the property comprising a part of the System which the City shall hereafter determine, in the manner provided in the Resolution, to be no longer necessary, useful or profitable in the operation of the System. Prior to any such sale, lease or other disposition of said property, if the amount to be received therefore is not in excess of $50,000, the City Manager of the City or other duly authorized officer in charge thereof shall make a finding in writing determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof.

If the amount to be reviewed from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $100,000, the City Manager or other officer shall first make a finding in writing determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the governing body of the City shall, by resolution duly adopted, approve and concur in the finding of the City Manager or other officer, and authorize such sale, lease or other disposition of said property.

If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $100,000 but not in excess of 10% of the value of fixed assets of the System according to the most recent annual audit report, the City Manager or other officer shall first make a finding in writing determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Consulting Engineer shall make a finding that it is in the best interest of the System that such property be disposed of, and the governing body of the City shall by resolution, duly adopted, approve and concur in the findings of the City Manager or other officer and of the Consulting Engineer, and shall authorize such sale, lease or other disposition of said property.

No sale or other disposition of said property for a sum in excess of 10% of the value of the fixed assets of the System according to the most recent annual audit and operating report shall be made unless the City Manager and the Consulting Engineer shall make in writing the finding hereinabove referred to, and they shall further find that the estimated Net Revenues to be derived by the City from the System in the five Fiscal Years immediately succeeding the sale or other disposition of such property will be not less than the amounts required as described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Rate Covenant," and the governing body of the City shall by resolution duly adopted, approve and concur in the finding of the City Manager and the Consulting Engineer, and shall authorize such sale or other disposition of said property.

The foregoing provision notwithstanding, the City may sell or dispose of, for fair market value, any properties or parts of the System which the Consulting Engineer shall certify in writing are not necessary for the continued operation of the System and that the sale or disposal of which will not

adversely affect the Gross Revenues to be derived from the System to such an extent that the City will fail to comply with the covenants contained in the Resolution.

The proceeds derived from any sale or disposal of any properties or parts of the System as provided for in the above paragraph shall, in the discretion of the City, be (1) deposited in the Renewal and Replacement Fund and used exclusively for the purpose of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the System and for unusual or extraordinary repairs thereto, or for the construction or acquisition of additions, extensions and improvements to the System, or (2) for the purchase or retirement of the Bonds then Outstanding. However, if the Consulting Engineer certifies that proceeds are necessary for the purposes stated in part (1) above, such proceeds shall remain in the Renewal and Replacement Fund until such certified requirements are satisfied, and the proceeds shall not be used for any other purpose allowed by the Resolution.

INSURANCE. For so long as any of the Bonds are Outstanding, the City will carry adequate fire and windstorm insurance on all buildings and structures of the works and properties of the System which are subject to loss through fire or windstorm, and will otherwise carry insurance of all kinds and in the amounts normally carried in the operation of similar facilities and properties in the State; provided, however, that in lieu of such insurance the City may establish a qualified plan of self-insurance in accordance with the laws of the State. Any such insurance shall be carried for the benefit of the Holders of the Bonds. All moneys received for losses under any of such insurance, except public liability, has been pledged by the City as security for the Bonds, until and unless such proceeds are used to remedy the loss or damage for which such proceeds are received, either by repairing the property damaged or replacing the property destroyed as soon as practicable.

NO FREE SERVICE. Except to aid senior citizens, the poor or infirm or to provide for resource conservation, the City will not render or cause to be rendered by its System any free services, nor will any preferential rates be established for users of the same class except to the extent provided by State law with respect to new or expanding customers where such new or expanded use would benefit the community. This covenant shall not prevent individual contracts with other governmental entities for the wholesale delivery of services of the System. Whenever the City, including its departments, agencies and instrumentalities, shall avail itself of the product, facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the City and any such department, agency or instrumentality. Such charges shall be paid as they accrue, and the City shall transfer from its general funds to the Revenue Fund sufficient sums to pay such charges. The revenues so received shall be deemed to be Gross Revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other Gross Revenues derived from such operation of the System.

ENFORCEMENT OF COLLECTIONS. The City will diligently impose, assess, enforce and collect all fees, rentals or other charges for the services and facilities of the System pledged in the Resolution and take all reasonable steps, actions and proceedings for the imposition, assessment, enforcement and collection of such rates, fees, rentals or other charges as shall become delinquent to the full extent permitted or authorized by law and will maintain accurate records with respect thereto. All such rates, fees, rentals or other charges and revenues pledged in the Resolution shall, as collected, be held in trust to be applied as provided therein and not otherwise.

MANDATORY CUT OFF. Upon failure of any user to pay for services rendered by the System within one hundred twenty (120) days, the City shall shut off the connection of such user and shall not furnish such user or permit such user to receive from the System further service until all obligations owed

by such user to the City on account of services shall have been paid in full. This covenant shall not, however, prevent the City from causing the System connection to be shut off sooner.

CONNECTIONS WITH SEWER SYSTEM. The City will, to the full extent required by law, require all lands, buildings and structures within the boundaries of the City which can use the facilities and services of such sewer system of the System to connect with and use the facilities and services of such sewer system and to cease all other means and methods for the collection, purification, treatment and disposal of sewage and wastewater.

NO COMPETING SYSTEM. To the full extent permitted by law, the City will not hereafter grant, or cause, consent to, or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever, for the furnishing of water or sewer services to or within the boundaries of the City; provided, however, that if the Consulting Engineer renders an opinion that it would not be feasible for the City to provide such services to any specific area within the three years succeeding a request to provide such service, the City may authorize or allow the granting of such franchise or permit for such area upon such terms and conditions as it may approve.

TAX COMPLIANCE. The City at all times while the Bonds are Outstanding will comply with all applicable provisions of the Code in order to ensure that the interest on the Bonds will be excludable from gross income for Federal income tax purposes, except that the provisions described in this paragraph shall not apply to any series of Bonds issued as taxable Bonds. Pursuant to the Resolution, the City has covenanted to the Registered Owners of the Bonds that it will make no investment or other use of the proceeds of the Bonds issued thereunder the income on which is excluded from gross income for Federal income tax purposes, which would cause such series of Bonds to be "arbitrage bonds" as that term is defined in Section 148 of the Code and regulations promulgated thereunder throughout the term of such series of Bonds.

The City has established a Rebate Fund, outside the lien of the Resolution, which is a separate trust fund held by the City, solely for the purposes of the Resolution and the amounts therein shall be applied solely as specified therein or in a letter of instructions in connection with the City's certification of compliance with the provisions of Section 148 of the Code at the time of issuance of the Bonds. The City shall engage an accountant or other person or firm of suitable experience to make such periodic calculations of the City's rebate liability on the Bonds as shall be required to comply with Section 148(e) of the Code and shall deposit, for the credit of the Rebate Fund, created by the Resolution, the full amount of the City's accrued and unpaid rebate liability under Section 148(e) of the Code. The City shall keep such records of the computations made pursuant to the Resolution as are required under Section 148(e) and other applicable provisions of the Code. The City shall keep such records concerning the investments of the gross proceeds of the Bonds and the investments of earnings from those investments as may be required in order to make the aforesaid computations. The above provisions may be superseded or amended by new calculations accompanied by an opinion of Bond Counsel addressed to the City to the effect that the use of the new calculations are in compliance with the Resolution and will not cause the interest on the Bonds to become included in gross income for Federal income tax purposes.

The City covenants that upon request it will make all filings of reports or other documents as may be required by Section 149(e) of the Code and regulations promulgated thereunder throughout the term of the Bonds of such series.

The City covenants that it will not take any action or allow any action which would cause the Bonds to become private activity bonds as described in Section 141 of the Code.

The City covenants to take all actions reasonable and necessary to maintain the exclusion of the interest on the Bonds of such series from gross income for Federal income tax purposes.

The provisions described in paragraphs above may be modified or amended by resolution of the City without the consent of any Holder, upon receipt of an opinion of nationally recognized Bond Counsel to the effect that such modification or amendment will not adversely affect the exclusion from gross income of interest on the Bonds for purposes of Federal income taxation.

Modification or Amendment.

The City from time to time and at any time, may amend the Resolution without the consent of the Municipal Insurer and the Owners of the Bonds for the following purposes:

(1) To cure any ambiguity or formal defect or omission, and with consent of the Lender, so long as the Lender is a Holder of the Parity Obligation, to correct or supplement any provisions in the Resolution that may be inconsistent with any other provision therein, or

(2) To grant to or confer for the benefit of the Owners of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Municipal Insurer, or

(3) To add to the provisions of the Resolution other conditions, limitations and restrictiveness thereafter to be observed, or

(4) To add to the covenants and agreements of the City in the Resolution other covenants and agreements thereafter to be observed by the City or to surrender any right or power therein reserved to or conferred upon the City, or

(5) To permit the qualification of the Resolution under any Federal statute now or hereafter in effect or under any state blue sky law, and, in connection therewith, if the City so determines, to add to the Resolution such other terms, conditions and provisions as may be permitted or required by such Federal statute or blue sky law, or

(6) To provide for the issuance of the Bonds in certificate form or under a book-entry system, or

(7) To modify the covenants and agreements contained in the Resolution as may be necessary to secure or retain a rating on the Bonds by a Rating Agency (but only with the consent of the Municipal Insurer, if any, and the Lender, so long as the Lender is a Holder), or

(8) To incorporate provisions for the payment, on a parity with interest on the Bonds, of periodic net hedge payments in respect of an interest rate hedge matched to any series or issue of Bonds and to provide for the payment of hedge termination payments, if any, from the Subordinated Indebtedness Fund on a parity with the other payments due therefrom, or

(9) To provide for the issuance of variable rate Bonds at rates not to exceed twelve percent (12%) annually and for the payment of interest on a basis more frequent than semi-annually, or

(10) To provide for the issuance and payment of Capital Appreciation Bonds.

No material modification or amendment of the Resolution or any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of (1) as to any series of Bonds, the timely payment of principal and interest on which is unconditionally guaranteed by a Municipal Insurer, the written consent of such Municipal Insurer; and (2) in the case of any series of Bonds, the timely payment of principal and interest on which are not guaranteed by a Municipal Insurer, the Owners of fifty-one percent (51%) or more in principal amount of each series of the Bonds then Outstanding affected by such amendment and, if the Lender is a Holder of any of the Bonds of such series, the Lender, provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation or affect the unconditional promise of the City to pay the principal of and interest on the Bonds as the same shall come due or reduce the percentage of the Holders of the Bonds required to consent to any material modification or amendment of the Resolution, without the consent in writing of the Holder or Holders of all such Bonds; provided, further, that no such modification or amendment shall allow or permit any acceleration of the payment of principal of or interest on the Bonds upon any default in the payment thereof whether or not the Holders of the Bonds consent thereto.

Any Rating Agency rating any series of the Bonds must receive notice of each amendment and a copy thereof at least fifteen (15) days in advance of its execution or adoption. The Municipal Insurer shall be provided with a full transcript of all proceedings relating to the execution of any such amendment or supplement.

Events of Default and Remedies.

EVENTS OF DEFAULT. The following events shall each constitute an Event of Default under the Bonds and the Resolution:

(1) failure to pay the principal of or interest on the Bonds when due;

(2) the dissolution or liquidation of the City, or the filing by the City of a voluntary petition in bankruptcy, or the commission by the City of any act of bankruptcy, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of its creditors, or appointment of a receiver for the City, or the entry by the City into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may not be in effect or hereafter enacted; and

(3) the City shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds on the part of the City to be performed, and such default shall continue for a period of thirty (30) days after written notice thereof.

REMEDIES. Any Holder, or any trustee acting for the Holders, may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State, or granted and contained in the Resolution, and may enforce and compel the performance of all duties therein required or by any applicable statutes to be performed by the City or by any officer thereof. Notwithstanding the foregoing, the Holder's direction or institution of remedies upon default shall be subject to the prior written consent of the Municipal Insurers of the Bonds of such Holders and, while the Lender is a Holder, the Lender. The Municipal Insurer, acting alone, shall have the right to direct all remedies upon default with respect to the Bonds as to which it is Municipal Insurer.

Nothing in the Resolution, however, shall be construed to grant to any Holder of the Bonds any lien on the System or any real or personal property of the City.

In the event the City shall fail to pay Policy Costs in respect of any Reserve Account Insurance Policy, the applicable Municipal Insurer shall be entitled to exercise any and all remedies available at law or under the Resolution other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect the Holders.

For all purposes described in this section, "Events of Default and Remedies", except the giving of notice of default to Holders, the Municipal Insurer shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Municipal Bond Insurance Policy. The foregoing sentence shall supersede any other provision granting such remedies to Holders of Bonds so insured.

Defeasance.

(1) If, at any time, the City shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to the Bonds and all unpaid Policy Costs, if any, then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the Holders of the Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of Defeasance Obligations in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders, in respect to which such Defeasance Obligations, the principal of which, together with the income thereon, will be sufficient (as verified by report of a nationally recognized independent certified public accountant), to make timely payment of the principal, interest, and redemption premiums, if any, on the Outstanding Bonds to be defeased, shall be considered "provision for payment." Nothing in the Resolution shall be deemed to require the City to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the City in determining whether to exercise any such option for early redemption.

(2) In the event of an advance refunding, (i) the City shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity date ("**Verification**"), (ii) the escrow agreement shall provide that no (A) substitution of a Defeasance Obligation shall be permitted except with another Defeasance Obligation and upon delivery of a new Verification, and (B) reinvestment of a Defeasance Obligation shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) there shall be delivered an opinion of a nationally recognized Bond Counsel to the effect that the Bonds are no longer Outstanding under the Resolution; each Verification and defeasance opinion shall be addressed to the City, the Paying Agent and the Municipal Insurer, if any.

(3) In the event any of the principal and redemption premium, if applicable, and interest due on the Bonds shall be paid by a Municipal Insurer pursuant to an insurance policy which insures against non-payment thereof, the assignment and pledge of the Pledged Revenues and all covenants, agreements and other obligations of the City to the Owners to whom or for the benefit of whom the insurer has made such payments shall continue to exist, such amounts shall not be deemed to be paid for purposes of the Resolution, such amounts shall continue to be due and owing as Policy Costs until paid by the City in accordance with the Resolution and the Municipal Insurer shall be subrogated to the rights of such Owners to the full extent of such payments.

No Personal liability.

The City is authorized and directed to comply with the requirements of the Resolution for the purposes set forth therein; provided that nothing therein shall be deemed to create any personal liability of the members of the City or the City, or their officers or employees.

Use of Additional Funds for Debt Payment.

Subject to the provisions of the State Constitution, nothing contained in the Resolution shall preclude the City from using any legally available funds, in addition to the Pledged Revenues therein provided, which may come into its possession, including but not limited to the proceeds of sale of the Bonds, contributions or grants, for the purpose of payment of principal of and interest on the Bonds, or the payment of Amortization Installments, if any, or the purchase or redemption of such Bonds in accordance with the provisions of the Resolution.

APPENDIX D

Form of Bond Counsel Opinion

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December 20, 2012

Mayor and City Council Members
City of Venice, Florida

$_____
CITY OF VENICE, FLORIDA
UTILITY SYSTEM REVENUE BONDS
SERIES 2012

Dear Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Venice, Florida (the "Issuer") of its $_____ Utility System Revenue Bonds, Series 2012 (the "2012 Bonds") issued pursuant to Chapter 166, Part II, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), and pursuant to Resolution No. 2012-05 of the Issuer duly adopted on May 22, 2012 (the "Original Resolution"), as amended and supplemented, and as particularly amended and supplemented by Resolution No. 2012-15 of the Issuer duly adopted on October 23, 2012, and Resolution No. 2012-[__] duly adopted on December 11, 2012 (collectively, the "Resolution"). We refer you to the 2012 Bonds and the Resolution for a description of the purposes for which the 2012 Bonds are issued and the security therefor. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In connection with our opinion, we have examined the Constitution of the State of Florida (the "State") and the applicable laws of both the United States of America and the State, including without limitation the Internal Revenue Code of 1986, as amended (the "Code"), the Act, and such certified proceedings and other documents as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon (a) representations of and compliance with covenants by the Issuer contained in the Resolution and certain other documents and certificates delivered on this date and (b) certificates and representations of public officials and representatives of the Issuer, certain of its affiliates and other parties, including, without limitation, representations, covenants and certifications as to the use of the proceeds of the 2012 Bonds and other factual matters which are relevant to the opinions expressed below, in each case without undertaking any independent verification. We have assumed that all signatures on documents, certificates and instruments examined by us are

genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. With respect to the opinions expressed below, we have also relied (without limiting the foregoing) upon the opinion of Anderson & Hall, P.A., counsel to the Issuer, of even date herewith, as to matters set forth therein and a consent letter dated April 20, 2012, from the Florida Department of Environmental Protection consenting to the replacement of Ordinance 1185-85 enacted by the Issuer on November 12, 1985, with the Original Resolution pursuant to which Senior Obligations may be issued by the Issuer, senior to the outstanding State Revolving Fund Indebtedness, as defined in the Original Resolution. We have assumed that the proceeds of the 2012 Bonds will be applied in accordance with and for the purposes described in the Resolution and the Issuer's Non-Arbitrage and Tax Certificate of even date herewith.

The description of the 2012 Bonds in this opinion and other statements concerning the terms and conditions of the issuance of the 2012 Bonds do not purport to set forth all of the terms and conditions of the 2012 Bonds or of any other document relating to the issuance of the 2012 Bonds but are intended only to identify the 2012 Bonds and to describe briefly certain features thereof.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State and the federal income tax laws of the United States of America.

As of the date hereof and based on our examination of the law and proceedings in this matter we are of the opinion that:

1. The Issuer is a municipal corporation of the State, with the power to adopt the Resolution and to perform the agreements and obligations on its part contained therein and to issue the 2012 Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable against the Issuer.

3. The Resolution creates a valid pledge of the Pledged Revenues provided therefor in the Resolution, under the conditions, limitations, and restrictions set forth in the Resolution, on a parity with the Bonds (as such term is defined in the Resolution) issued under the Resolution.

4. The 2012 Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding limited and special obligations of the Issuer, payable from and secured solely by the Pledged Revenues provided therefor in the Resolution.

5. The 2012 Bonds and the interest thereon are not subject to taxation under the laws of the State, except as to estate taxes and any taxes imposed by Chapter 220, Florida Statutes, on interest, income and profits on debt obligations owned by corporations.

6. Under existing laws, regulations and court decisions, interest on the 2012 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) under Section 56 of the Code, interest on the 2012 Bonds must be included in computing adjusted current earnings and may be subject to the computation of the branch profits tax on foreign corporations imposed by Section 884 of the Code.

The opinion set forth in paragraph 6 above is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2012 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the 2012 Bonds to be included in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2012 Bonds. We express no opinion regarding other federal or state tax consequences arising with respect to the 2012 Bonds, and taxpayers should consult their personal tax advisors.

It is to be understood that the rights of the registered owners of the 2012 Bonds and the enforceability of the Resolution and the 2012 Bonds may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State, and the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar statutes, laws, rules, regulations or other laws affecting the enforcement of creditors' rights and remedies generally heretofore or hereafter enacted.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof. The legal opinions set forth herein are intended for the information solely of the addressees hereof and solely for the purpose of the contemplated transactions described herein, and are not to be relied upon by any other person, or entity, or for any other purpose, or quoted as a whole or in part, or otherwise referred to, in any document, or to be filed with any government or other administrative agency, or other person or entity for any other purpose without our prior written consent.

Respectfully submitted,

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APPENDIX E

Form of Continuing Disclosure Certificate

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of December _____, 2012, is executed and delivered by City of Venice, Florida (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice,

Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means Jeff Snyder, Director of Finance or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than April 30 of each fiscal year of the Issuer, commencing with the fiscal year ending September 30, 2012. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Tender offers;"

13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

14. "Merger, consolidation, or acquisition of the obligated person, if material;" and

15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;"

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;"

10. "derivative or other similar transaction;" and

11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "change in fiscal year/timing of annual disclosure;"

3. "change in accounting standard;"

4. "interim/additional financial information/operating data;"

5. "budget;"

6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. "consultant reports;" and

9. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the

Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the heading: "THE SYSTEM".

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

    Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer

desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be

any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting

in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By:_____
Name:_____
Title:_____

CITY OF VENICE, FLORIDA,
as Issuer

By:_____
Name:_____
Title:_____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	City of Venice, Florida
Obligated Person(s)	Issuer
Name of Bond Issue:	Utility System Revenue Bonds, Series 2012
Date of Issuance:	December ___, 2012
Date of Official Statement	December ___, 2012

CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
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CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____
CUSIP Number:	_____	CUSIP Number:	_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	City of Venice, Florida
Obligated Person:	Issuer
Name(s) of Bond Issue(s):	Utility System Revenue Bonds, Series 2012
Date(s) of Issuance:	December ___, 2012
Date(s) of Disclosure Agreement:	December ___, 2012
CUSIP Number:	_____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Issuer

_____

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

_____

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1._____"Principal and interest payment delinquencies;"
2._____"Non-Payment related defaults, if material;"
3._____"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4._____"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5._____"Substitution of credit or liquidity providers, or their failure to perform;"
6._____"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material;"
9._____"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Tender offers;"
13._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14._____"Merger, consolidation, or acquisition of the obligated person, if material;" and
15._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

_____

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party;"
10._____"derivative or other similar transaction;" and
11._____"other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

_____

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One): **[C12]**

1._____"quarterly/monthly financial information;"
2._____"change in fiscal year/timing of annual disclosure;"
3._____"change in accounting standard;"
4._____"interim/additional financial information/operating data;"
5._____"budget;"
6._____"investment/debt/financial policy;"
7._____"information provided to rating agency, credit/liquidity provider or other third party;"
8._____"consultant reports;" and
9._____"other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

APPENDIX F

Financial Feasibility Report

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Burton & Associates

200 Business Park Circle, Suite 101
Saint Augustine, Florida 32095
(904) 247-0787

1000 N. Ashley Drive, Suite 513
Tampa, FL 33602
(813) 443-5138

Financial Feasibility Report

November 26, 2012

Honorable Mayor and City Council Members
City of Venice, Florida

RE: City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Dear Mayor and Members of the City Council:

The accompanying financial forecast for the City of Venice ("*City*") water and sewer utility system ("*System*") consists of a forecast of the financial results of operations from October 1, 2012 through September 30, 2017 (the "Forecast Period"), with supporting schedules. This forecast presents City management's estimates of the most probable results of operations and debt service coverage for the Forecast Period. The forecast reflects management's judgment, based upon present circumstances, as to the most likely set of conditions and management's most likely course of action.

We have prepared the financial forecast in accordance with generally accepted standards for developing such a financial forecast. Our analysis included such procedures as we considered necessary to evaluate the assumptions and data provided by management to be used in the presentation of the forecast. We have no responsibility to update this report for events and circumstances occurring after the date of this report. The accompanying financial forecast indicates that, based upon the assumptions presented herein, sufficient revenues are projected to be generated by the System to meet the System's operations and maintenance, debt service, coverage, and capital cost requirements through Fiscal Year 2017.

Based upon our analysis, we believe that the accompanying financial forecast is presented in conformity with generally accepted guidelines for presentation of a financial forecast and that the underlying assumptions provide a reasonable basis for management's forecast. However, there will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Very truly yours,

Andrew J. Burnham
Senior Vice President

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Financial Forecast

Including

Summary of Significant Forecast Assumptions and Notes to Financial Forecast

November 26, 2012

Prepared by:

Burton & Associates, Inc.

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND NOTES TO FINANCIAL FORECAST

Prepared November 26, 2012

FOR THE FIVE FISCAL YEARS ENDING SEPTEMBER 30, 2017

This financial feasibility report will present and discuss the financial forecast prepared by Burton & Associates regarding the funding of the City of Venice, Florida ("*City*") water and sewer utility system ("*System*") capital improvements project costs from Fiscal Year 2013 through Fiscal Year 2017 and the issuance of the City's Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds").

Description of Forecast

This forecast consists of the financial results of operations for each of the five fiscal years in the period from October 1, 2012 through September 30, 2017 (the "*Forecast Period*"), with supporting schedules. This forecast presents City management's estimates of the most probable results of operations and debt service coverage for the Forecast Period. The forecast reflects management's judgment, based upon present circumstances, as to the most likely set of conditions and management's most likely course of action.

Burton & Associates has prepared the financial forecast in accordance with generally accepted standards for developing such a financial forecast. The analysis included such procedures as considered necessary to evaluate both the assumptions and data provided by management to be used in the preparation of the forecast. Burton & Associates has no responsibility to update this report for events and circumstances occurring after the date of this report. The accompanying financial forecast indicates that, based upon the assumptions presented herein, sufficient revenues are projected to be generated by the System to meet the System's operations and maintenance, debt service, coverage, and capital cost requirements through fiscal year ending 2017 ("*FY 2017*").

Burton & Associates believes that the accompanying financial forecast is presented in conformity with generally accepted guidelines for presentation of a financial forecast and that the underlying assumptions provide a reasonable basis for management's forecast. However, there will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Basis of Presentation

The accompanying forecast consists of the following schedules:

Schedule 1 "*Forecast of Net Revenues & Debt Service Coverage*",
Schedule 2 "*Projection of Cash Inflows*",
Schedule 3 "*Projection of Cash Outflows*",
Schedule 4 *"Capital Improvement Program",*
Schedule 5 "*Capital Project Funding Summary*",
Schedule 6 "*Funding Summary By Fund*",
Schedule 7 "Current Rate Ordinance",
Schedule 8 "Fiscal Year 2013 Comparative Rate Survey"

The forecast was prepared based upon data and information provided by the City, which owns and operates the System, Larson Consulting Services, LLC, the City's financial advisor, and RBC Capital Markets, Inc., the managing underwriter for the Series 2012 Bonds.

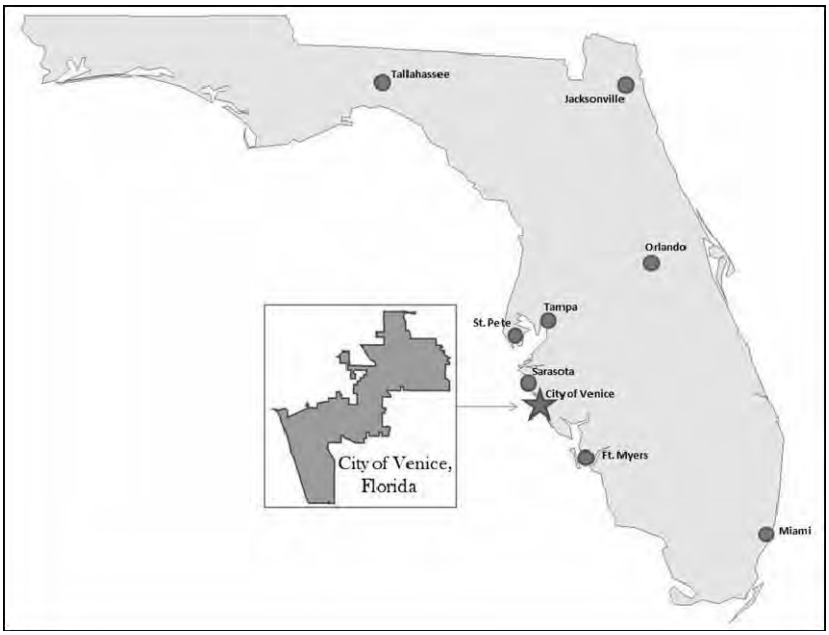
Significant Assumptions

The following notes explain the most important calculation assumptions underlying the forecast, including the capital improvements program discussed in Note 10 and presented in detail on Schedule 4, *"Capital Improvements Program"*.

1. <u>Scope of Operations & System Description</u>

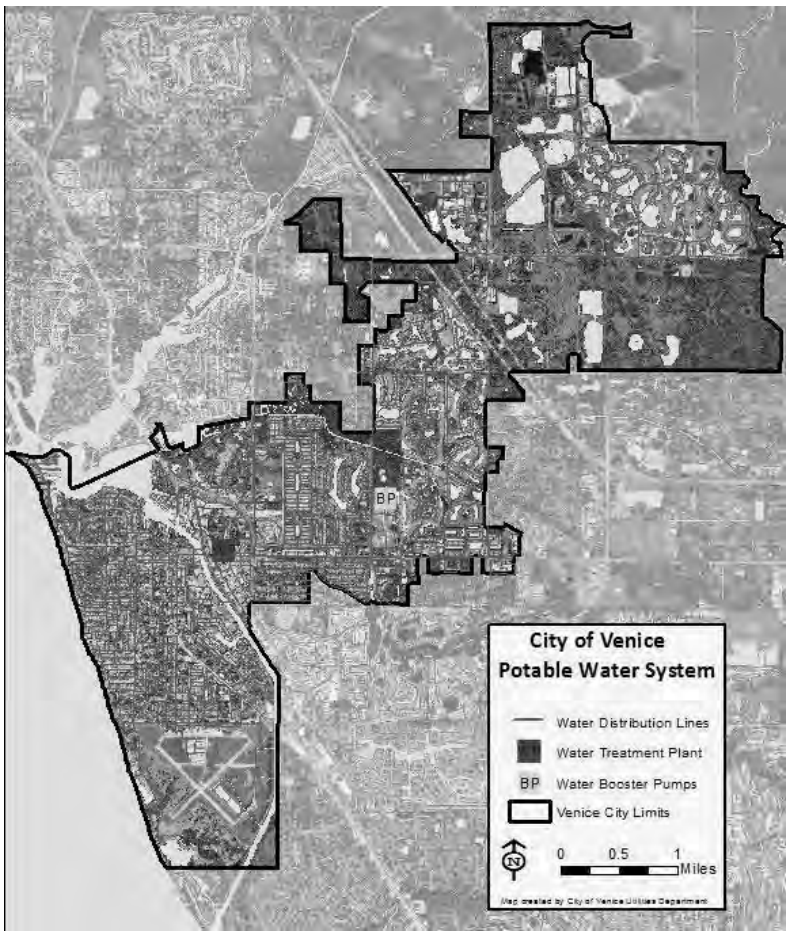
The City provides potable water, reclaimed water and sanitary sewer services to customers located primarily inside the City limits, depicted in the location map on the following page. The City utility service area covers approximately sixteen (16) square miles and is generally bounded by the Gulf of Mexico to the west and bordered on the north, south and east by unincorporated portions of Sarasota County.

It is assumed that during the Forecast Period the City will continue to provide water and sewer services to its current service area under the supervision of the City Council, and that no material changes will occur to significantly reduce the number of customers served or those customers' demand for the City's services.



The water system provided potable water service to 10,968 customers as of September 30, 2012. The membrane softening reverse osmosis water treatment plant provides approximately 2.2 million gallons per day (mgd) of finished water that is pumped to the transmission and distribution system.

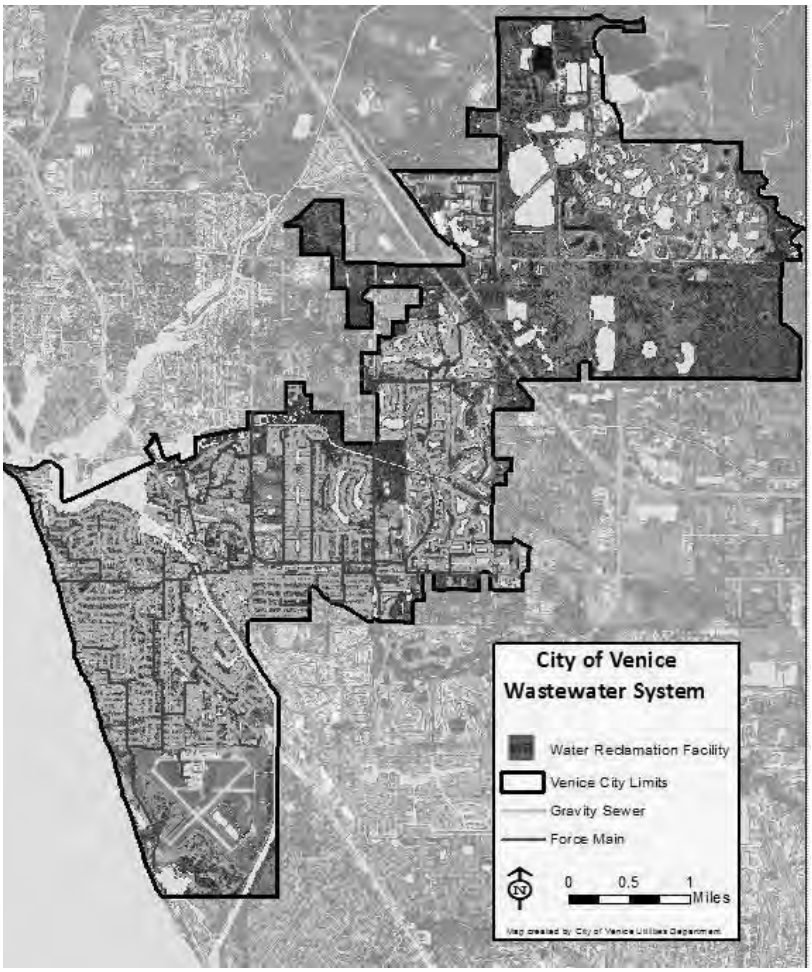
The City's water system consists of groundwater withdrawals from two municipal wellfields, centralized treatment at a reverse osmosis water treatment plant, ground and elevated storage tanks, booster pump station and transmission/distribution piping network. The system includes fifteen (15) permitted withdrawal points (of which fourteen (14) are operationally available), a 1-million gallon (MG) covered clearwell, a 1.5 MG ground storage tank, and two (2) 300,000 gallon elevated storage tanks. The water service area is largely built-out to the south and west, with some opportunity for growth in the northeast region (see water infrastructure map). The raw water source is the Intermediate Aquifer System (IAS), and the high-quality finished water produced by the water treatment plant meets or exceeds all federal and state regulatory drinking water standards.



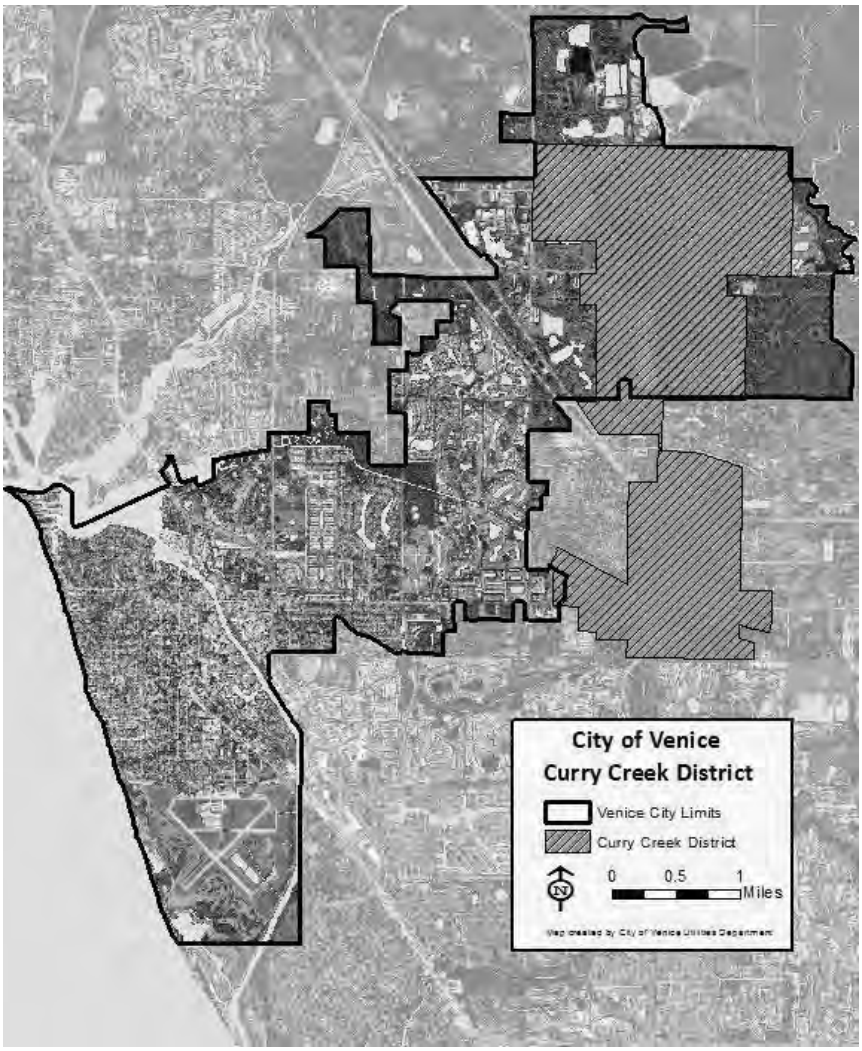
The sanitary sewer collection system served 10,677 sewer customers as of September 30, 2012. The advanced wastewater treatment plant processes an average annual daily flow of 3.0 mgd. The wastewater treatment plant includes facilities capable of producing reclaimed water for irrigation purposes to a limited number of customers and public spaces, including the municipal golf course. The reclaimed water system served approximately 2,968 customers as of September 30, 2012.

The City provides sanitary sewer service within the City and certain unincorporated areas within Sarasota County. All wastewater is collected and directed to the northeast through a system of gravity sanitary sewer mains, lift stations and force mains. The wastewater is received and treated at the Eastside Wastewater Reclamation Facility (the "Eastside WRF"), which is currently permitted to treat 6.0 mgd based upon a three-month rolling average daily flow (3MRADF). The sanitary sewer service area (see sewer infrastructure map) is largely built-out to the south and west. The City has some opportunity for growth in the northeast region; however, much of this area receives

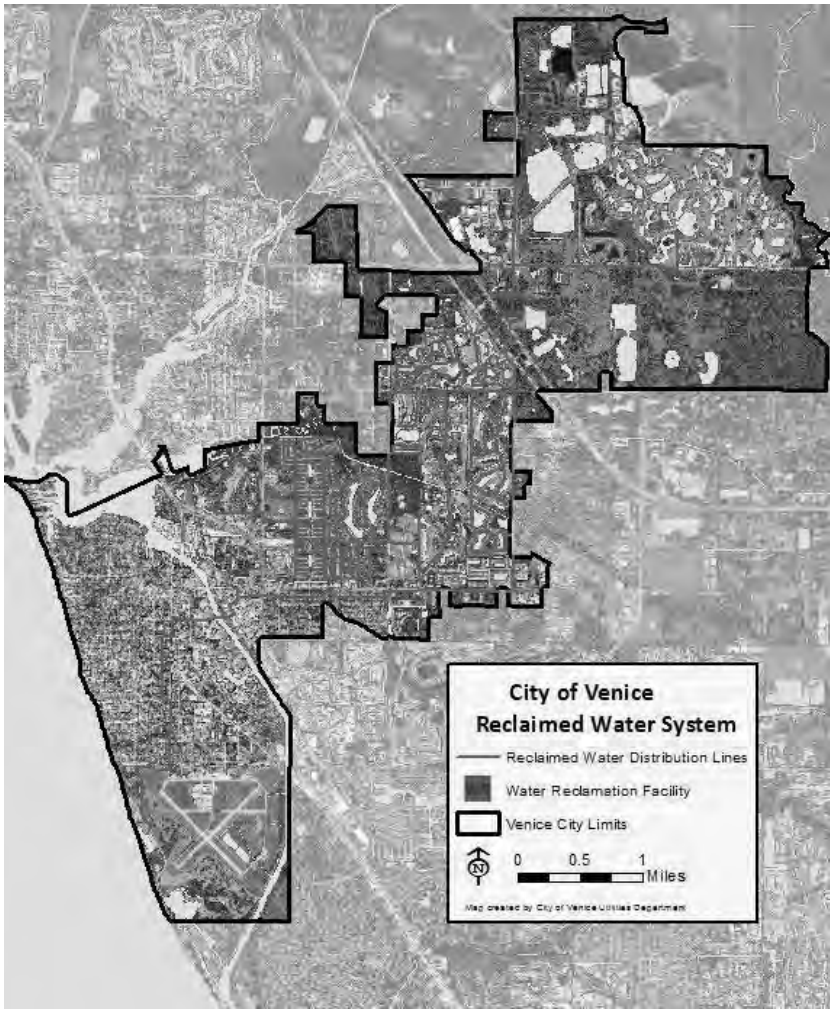
sanitary sewer collection service from Sarasota County, which is a wholesale wastewater treatment and disposal customer of the City.



Through an interlocal agreement, Sarasota County has reserved 3.0 mgd of the Eastside WRF's capacity and sends flow to the plant on an as needed basis as a result of providing wastewater collection services in a small portion of its service area and the Curry Creek District (see Curry Creek service area map). The City charges the County a wholesale wastewater rate for the treatment and disposal of the wastewater effluent collected by the County in these areas (see Note 6 for additional details).



The City uses reclaimed water to provide irrigation water to commercial users, residential users, and golf courses within the City's service area and to Sarasota County through an interconnect with the County system. The City owns, operates, and maintains approximately 49 miles of reclaimed water distribution mains and 2,968 reclaimed water meters for providing reuse irrigation service (see reclaimed water infrastructure map).



2. Regulation

It is assumed that current and anticipated Federal and State government regulations concerning environmental and other matters affecting operations of the System have been considered by management in the development of the City's operations and maintenance budget and capital improvement program.

3. Revenues from Rates and Other Charges

The revenue projections of this forecast are based upon unaudited FY 2012 actual revenues, adjusted annually based upon appropriate growth and rate increase

assumptions. Future customer growth assumptions are conservative, and reflect recent historical growth during the current economic conditions, the largely built-out nature of the service area, as well as discussions with City management. Annual increases in water and sewer revenues due to growth are about 0.10% per year during the Forecast Period. A summary of the current and projected number of equivalent residential units ("ERU's") for water and sewer service as well as the number of accounts for reclaimed water service during the Forecast Period are presented in the following table:

Service	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Water	**19,240**	**19,255**	**19,270**	**19,285**	**19,305**	**19,330**
Sewer	**17,395**	**17,402**	**17,409**	**17,416**	**17,426**	**17,438**
Reclaimed	**2,968**	**2,971**	**2,974**	**2,977**	**2,982**	**2,988**

The City recently completed a rate study (final report dated March 30, 2012) that recommended certain rate structure modifications to be effective April 1, 2012 (that included a 3% overall increase in rate revenue) as well as an annual plan of 3.00% water, sewer, and reclaimed water rate increases effective at the beginning of each fiscal year starting in FY 2013 in order to satisfy the then current projections of the System's operating, capital, debt service coverage, and reserve requirements through FY 2021. On March 27, 2012, the City Council approved Ordinance Number 2012-08 and adopted the rate structure modifications as recommended as well as the plan of annual 3.0% rate adjustments through FY 2017.

It is important to note that the City intends to perform periodic revenue sufficiency analyses so that additional or revised information regarding the timing and cost of capital projects, customer growth, water demands, regulatory requirements, as well as updated revenue and operating expenses may be incorporated into the determination of future required rate increases that would be necessary to allow the System to meet its financial requirements.

Schedule 7, *"Current Rate Ordinance"* provides the City's current rate ordinance that identifies the FY 2013 water and sewer rates for the City, while Schedule 8, *"Fiscal Year 2013 Comparative Rate Survey"* shows the monthly residential water and sewer bill for a customer using 3,000 gallons per month[1] for various utilities in the surrounding area based upon the rates currently in effect as of October 1, 2012.

[1] The survey was based upon 3,000 gallons per month as it represents a typical amount of monthly residential water use on the System.

Other System operating revenues (such as non-sufficient funds fees, late payment fees, miscellaneous revenues, etc.) included in the forecast were endorsed by City management for FY 2013 through FY 2017 and were based upon the FY 2013 Budget. Impact fee or plant capacity fee revenue projections were based upon the current fees and assumed customer growth.

4. Price Elasticity

This adjustment is incorporated into the forecast to reflect that as rates increase, discretionary water consumption will likely decline. Therefore, in order to generate sufficient revenue, projected rate increases will have to be adjusted to reflect a smaller revenue base to which they will be applied, thus causing the projected rate increases to be larger. The price elasticity adjustment reduces consumption-based revenues by the product of the annual rate increase and the annual assumed elasticity coefficient. In each year of the projection period, the price elasticity coefficient assumed is 0.10, which means that for every 10% increase in price, the forecast reflects a 1% reduction in water and sewer consumption-based revenues.

5. Infrastructure Surtax

The infrastructure surtax is a one-cent sales tax that funds many capital improvement projects for Sarasota County and the municipalities of Sarasota, Venice, North Port and Longboat Key. The penny sales tax provides money for quality-of-life projects without relying on higher property taxes that make Sarasota County a better place to live, work and visit. The penny spreads the cost of capital projects such as libraries, roads, utilities, parks, and fire stations among all those who use them, including seasonal residents and tourists which would otherwise be paid for by property owners alone.

Sarasota County voters approved the 15-year renewal of the 1 percent sales tax on Nov. 6, 2007. The City of Venice has presently designated $6,347,000 of future funds from Phase III of the surtax revenue it will receive for water and sewer infrastructure. Per discussions with the City's Finance Department, this forecast reflects the distribution of this amount to the System for capital improvement funding in six equal annual installments of $1,057,833.33 starting in FY 2015.

6. Sarasota County Wholesale Sewer Revenue

The City and Sarasota County ("County") entered into an interlocal agreement on October 5, 1989, as amended on October 10, 2000 and again on November 12, 2002, for the provision of wholesale or bulk treatment and disposal services by the City to County on behalf of the customers within the portion of the County's sewer collection service

area adjacent to the City. After the most recent expansion of the City's wastewater treatment plant capacity to 6.0 mgd, the City and the County have each reserved 3.0 mgd of treatment capacity under this agreement. The term of this agreement extends for as long as the facilities contemplated therein are used or useful.

Per the agreement, as amended, the City charges the County a bulk rate as published in its current rate ordinance, plus a 10% surcharge. Half of the surcharge revenue is to be placed into a County-controlled account, the proceeds of which shall be used solely for the County's proportionate share of any renewal, replacement, or enhancement of the City's wastewater treatment plant, reuse system, or to pay regulatory fines. The remaining 50% of the surcharge revenue is to be held in a similar City-controlled accounts for the same purpose. As such, the forecast reflects the revenue from the bulk rate as operating revenue of the System and also reflects the deposit of all surcharge revenue received during the Forecast Period into a separate fund restricted for future capital improvements after the Forecast Period.

7. Cost of Operation & Maintenance

The cost of operation and maintenance during the Forecast Period is based upon the System's FY 2013 Budget. It is projected that the cost of operation and maintenance for FY 2014 through FY 2017 will increase over the FY 2013 Budget amount by an average of 4.6% per year. This average annual increase is based upon annual cost escalation factors for each of the System's various types of costs that were reviewed and endorsed by City management as part of the recent rate study.

8. Operating Reserve Balance Target

Utilities typically maintain such an operating reserve in order to provide the ability to withstand cash-flow fluctuations. There can be a significant length of time between when a system provides a service and when a customer may pay for that service. In addition to timing, the volume of cash flow for utilities can be substantially affected by weather and seasonal demand patterns.

Absent a detailed multi-year historical study of monthly cash flows and an analysis of the aging of accounts receivable, there are various industry guidelines and practices available to determine an appropriate target reserve for this fund. Specifically, the prudent range as identified by a recent analysis conducted by the Rates and Charges Sub-committee of the American Water Works Association (AWWA) is an amount at least equal to 2 months of maintenance and operation expenses. This is consistent with our

industry experience, in which water and sewer utilities generally target a minimum reserve in the range of 2 to 6 months of such expenses.

The forecast reflects a minimum operating reserve target for the System equal to 4 months of operation and maintenance costs (which is met or exceeded in each year of the forecast) given our general understanding of the aging of accounts receivable and exposure associated with changes in weather and seasonal demand for the System.

9. Interest Income

The forecast assumes that an interest rate of 0.75% will be earned on average fund balances during FY 2013, 1.00% in FY 2014, 1.50% in FY 2015, 2.00% in FY 2016, and 2.50% in FY 2017.

10. Capital Improvements Program

It is assumed that during the Forecast Period, capital project expenditures (in future year dollars) will not exceed the following amounts in each year:

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	5-Year Total
$16,487,345	**$6,775,350**	**$11,110,155**	**$9,839,186**	**$11,536,996**	**$55,749,032**

Details of the City's five-year Capital Improvements Program ("CIP") are shown in Schedule 4 *"Capital Improvements Program"*. These amounts have been determined by management to be sufficient to meet the System's requirements during the Forecast Period. Funding of this CIP is also discussed in Note 11 and shown in more detail in Schedule 5 *"Capital Projects Funding Summary"*. During the Forecast Period, $23.4 million of capital improvements will be funded from excess operating revenues, $20.1 million from the Series 2012 Bonds, $4.9 million will be funded from the Renewal & Replacement Fund, $3.2 million from Infrastructure Surtax funds, $2.8 million from a future borrowing anticipated in FY 2017, and $1.3 million from water and sewer capacity charges.

11. Financing

The City has adopted a plan of finance as prepared by the City's financial advisor, Larson Consulting Services, LLC. Under this plan of finance, the Series 2012 Bonds will be issued under the Resolution in the approximate amount of $19.5 million, and together with a reoffering premium of $1.1 million, will (i) provide for various costs of issuance of the Series 2012 Bonds equal to approximately $0.5 million, and (ii) provide proceeds of

$20.1 million to fund a portion of the City's five-year capital improvement program. Total estimated debt service is shown in Schedule 1 *"Forecast of Net Revenues and Debt Service Coverage"*.

It is important to note that the forecast identifies the next additional future borrowing for the System in FY 2017 in order to fund part of the FY 2017 and FY 2018 capital requirements, however, the specific amount and timing of the next borrowing for the System will be re-evaluated and determined as part of future revenue sufficiency analyses. Regardless, the revenue projections identified on Schedule 1 *"Forecast of Net Revenues and Debt Service Coverage"* provide sufficient Net Revenues to satisfy all projected debt service obligations and coverage requirements for existing and new indebtedness identified during the Forecast Period.

12. Debt Service Coverage

It is assumed that the debt service coverage requirements in the Resolution will not change during the Forecast Period. The debt service coverage requirements contained within the Resolution are shown below, and annual debt service coverage calculations for the Forecast Period are shown in Schedule 1 *"Forecast of Net Revenues and Debt Service Coverage"*. All capitalized terms used in the following tests, unless otherwise defined in this report, shall have the meanings ascribed thereto in the Resolution.

Rate Covenant – The Issuer has enacted or will enact a rate ordinance and thereby will fix, establish and maintain such rates and will collect such fees, rentals and other charges for the services and facilities of the System and revise the same from time to time whenever necessary, as will always provide Gross Revenues in each Fiscal Year sufficient to pay the Cost of Operation and Maintenance of the System in such Fiscal Year and all reserve and other payments required to be made pursuant to this Resolution, and will further be sufficient to provide an amount equal to one hundred and fifteen percent (115%) of the Bond Service Requirement becoming due in such year on all Outstanding Bonds.

Additional Parity Obligations – Additional Parity Obligations, payable on a parity from the Pledged Revenues with the 2012 Note in

the manner provided herein, may be issued after the issuance of the 2012 Note for the purposes of refunding a part of any Outstanding Bonds or financing the cost of extensions, additions and improvements to the System and in the manner herein provided.

(1) There shall have been obtained and filed with the City Clerk of the Issuer a certificate of a qualified and recognized firm of independent certified public accountants stating (a) that the books and records of the Issuer relative to the System have been examined by such firm; (b) the amount of the Net Revenues derived for the Fiscal Year preceding the date of issuance of the proposed Additional Parity Obligations or for any 12 consecutive months during the 18 months immediately preceding the date of the issuance of the Additional Parity Obligations with respect to which such certificate is made, adjusted as herein below provided; (c) that the aggregate amount of such Net Revenues, as adjusted, for the period for which such Net Revenues are being certified is equal to not less than 125% of the Maximum Bond Service Requirement becoming due in any Fiscal Year thereafter in which any Bonds other than the series of Additional Parity Obligations with respect to which such certificate is made are scheduled to be Outstanding on (i) all Bonds then Outstanding, and (ii) on the Additional Parity Obligations with respect to which such certificate is made.

Financial Forecast

The forecast presented herein indicates that, based upon the assumptions presented herein, sufficient revenues are projected to be generated by the System to meet the System's maintenance and operation, debt service (including coverage), and capital cost requirements through Fiscal Year 2017.

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Forecast of Net Revenues and Debt Service Coverage — Schedule 1

PROJECTED SYSTEM OPERATING RESULTS AND DEBT SERVICE COVERAGE

	For the Fiscal Year Ended September 30				
	2013 [1]	2014	2015	2016	2017
Operating Revenues					
Charges for Service [2]	$ 18,737,001	$ 19,277,687	$ 19,834,185	$ 20,411,150	$ 21,008,694
Other Operating Income [3]	143,400	143,400	143,400	143,400	143,400
Total Operating Revenues	$ 18,880,401	$ 19,421,087	$ 19,977,585	$ 20,554,550	$ 21,152,094
Interest Earnings (loss)	$ 117,344	$ 186,991	$ 216,362	$ 183,194	$ 156,509
Gross Revenues	$ 18,997,746	$ 19,608,079	$ 20,193,947	$ 20,737,744	$ 21,308,603
Cost of Operation and Maintenance					
Personal Services [4]	$ 3,923,419	$ 4,085,990	$ 4,250,874	$ 4,416,827	$ 4,582,532
Other Operating Expenses [5]	5,727,383	6,011,346	6,310,844	6,626,802	6,960,200
Total Cost of Operation and Maintenance	$ 9,650,802	$ 10,097,335	$ 10,561,718	$ 11,043,629	$ 11,542,732
Net Revenues Available for Bond Service	$ 9,346,944	$ 9,510,743	$ 9,632,228	$ 9,694,115	$ 9,765,871
Bond Service Requirement [6]	$ 2,909,033	$ 3,705,120	$ 3,704,477	$ 3,696,476	$ 1,671,985
Bond Service Coverage [7]	3.21	2.57	2.60	2.62	5.84
Non Operating Revenues					
Federal and State Grants	$ -	$ -	$ -	$ -	$ -
Disposition of Assets	-	-	-	-	-
Total Non Operating Revenue	$ -	$ -	$ -	$ -	$ -
Non Operating Expenses					
Subordinated Indebtedness [8]	$ 457,498	$ 457,498	$ 457,498	$ 457,498	$ 457,498
Repayment of Advance from General Fund	502,600	502,600	502,599	502,599	502,600
Administrative Charges Transfer	986,608	1,016,206	1,046,692	1,078,093	1,110,436
Renewal & Replacement Fund Transfer [9]	914,798	944,020	971,054	998,879	1,027,727
Total Non Operating Expenses	$ 2,861,505	$ 2,920,324	$ 2,977,844	$ 3,037,070	$ 3,098,262

(1) Excluding water, sewer, and reclaimed water rate revenues (which are reflected within Charges for Service), FY 2013 data reflects the FY 2013 Adopted Budget and serves as the basis for future year projections.
(2) Includes water, sewer, and reclaimed water rate revenues, which were projected based upon FY 2012 unaudited actual results adjusted for the impacts of approved rate adjustments and projected system growth. Net of Provisions for Bad Debts.
(3) Includes leases, franchise fees, and other miscellaneous income. Excludes impact fees.
(4) Excludes Other Post Employment Benefit (OPEB) amounts.
(5) Excludes Depreciation and Amortization expenses.
(6) Reflects annual debt service requirements of the Series 2012 Bonds and, through FY 2016, the Series 2012 Refunding Revenue Note. Included in FY 2017 is additional debt service resulting from projected future additional borrowing.
(7) In each Fiscal Year, Gross Revenues must be sufficient to pay the Cost of Operation and Maintenance of the System, and will further be sufficient to provide an amount equal to 115% of the Bond Service Requirement due in such year.
(8) Reflects annual debt service requirements of the Clean Water State Revolving Fund Loan Agreement WWG12066115L and Clean Water State Revolving Fund Loan Agreement CS12066115P.
(9) Established pursuant to Resolution No. 2012-05,which authorized the issuance of the Utility System Refunding Revenue Note, Series 2012, annual contributions to this Fund shall equal 5% of the Gross Revenues for the immediately preceding Fiscal Year, provided that no deposit shall be required so long as the amount in the Renewal and Replacement Fund is at least $1,000,000.

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Projection of Cash Inflows — Schedule 2

FIVE YEAR PROJECTION OF CASH INFLOWS

	For the Fiscal Year Ended September 30				
	2013	2014	2015	2016	2017
Charges for Service					
Water Rate Revenues	$ 7,962,506	$ 8,196,083	$ 8,436,527	$ 8,686,289	$ 8,945,769
Sewer Rate Revenues	8,235,106	8,473,375	8,718,557	8,972,397	9,234,704
Reclaimed Water Rate Revenues	503,633	517,708	532,176	547,415	563,277
343.51-07 Sar Co Swr Treat Cons Chg (Bulk Rate)	1,800,866	1,854,892	1,910,539	1,967,855	2,026,890
343.51-11 Sar Co Swr Billing Charge	21,572	22,219	22,886	23,572	24,279
343.31-20 Penalty- Water	44,543	44,578	44,612	44,659	44,716
343.31-21 Fire Svc Standby Charge	74,320	74,320	74,320	74,320	74,320
343.31-22 Fire Svc Hydrant Rental	2,558	2,558	2,558	2,558	2,558
343.31-23 Tap Fees-Water	50,247	50,286	50,325	50,377	50,443
343.51-05 Penalties-Reuse	1,729	1,731	1,732	1,735	1,739
343.51-21 Penalty- Sewer	37,142	37,157	37,172	37,193	37,219
343.61-20 Miscellaneous Income	2,780	2,780	2,780	2,780	2,780
Total Charges for Service	$ 18,737,001	$ 19,277,687	$ 19,834,185	$ 20,411,150	$ 21,008,694
Other Operating Income					
313.10-00 Electric Franchise Fees	$ 39,226	$ 39,226	$ 39,226	$ 39,226	$ 39,226
362.10-01 Wtr Tank Lease-Gte/Alltel	37,335	37,335	37,335	37,335	37,335
362.10-02 Wtr Tnk Lease-Cng/Bell So	39,902	39,902	39,902	39,902	39,902
362.10-12 Sprint Lease	21,937	21,937	21,937	21,937	21,937
369.00-00 Other Miscellaneous Rev	5,000	5,000	5,000	5,000	5,000
Total Other Operating Income	$ 143,400	$ 143,400	$ 143,400	$ 143,400	$ 143,400
Non Operating Revenues					
Interest Earnings (loss)	$ 117,344	$ 186,991	$ 216,362	$ 183,194	$ 156,509
Federal and State Grants	-	-	-	-	-
Disposition of Assets	-	-	-	-	-
Total Non Operating Revenues	$ 117,344	$ 186,991	$ 216,362	$ 183,194	$ 156,509
CIP Funding Sources					
Water Plant Capacity Charges	$ 54,676	$ 18,150	$ 24,200	$ 30,250	$ 60,500
Sewer Plant Capacity Charges	46,093	10,150	14,500	17,400	36,250
343.51-07 Sar Co Swr Treat Cons Chg (10% Surcharge)	200,096	206,099	212,282	218,651	225,210
Infrastructure Surtax Phase III	-	-	1,057,833	1,057,833	1,057,833
Total CIP Funding Sources	$ 300,865	$ 234,399	$ 1,308,815	$ 1,324,134	$ 1,379,793
Total Annual Cash Inflows	$ 19,298,611	$ 19,842,478	$ 21,502,762	$ 22,061,878	$ 22,688,396

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Projection of Cash Outflows **Schedule 3**

FIVE YEAR PROJECTION OF CASH OUTFLOWS

	For the Fiscal Year Ended September 30				
	2013	2014	2015	2016	2017
Personal Services					
12-00 Regular Salaries & Wages	$ 2,736,027	$ 2,818,108	$ 2,902,651	$ 2,989,731	$ 3,079,422
14-00 Overtime	74,995	77,245	79,562	81,949	84,408
15-00 Special Pay	98,847	101,812	104,867	108,013	111,253
21-00 FICA	215,108	221,561	228,208	235,054	242,106
22-00 Retirement Contributions	157,466	162,190	167,056	172,067	177,229
23-00 Life And Health Insurance	640,976	705,074	768,530	830,013	888,114
Total Personal Services	$ 3,923,419	$ 4,085,990	$ 4,250,874	$ 4,416,827	$ 4,582,532
Other Operating Expenses					
31-00 Professional Services	$ 878,168	$ 904,513	$ 931,648	$ 959,598	$ 988,386
31-03 Legal	25,000	25,750	26,523	27,318	28,138
31-05 Advertising	500	515	530	546	563
31-40 Prof Svcs- Info Sys	14,000	14,420	14,853	15,298	15,757
32-00 Accounting And Auditing	16,508	17,003	17,513	18,039	18,580
34-00 Other Contractual Service	292,100	300,863	309,889	319,186	328,761
40-00 Travel And Training	19,250	19,828	20,422	21,035	21,666
41-00 Communication Services	10,000	10,300	10,609	10,927	11,255
41-40 Communication Svcs- Is	13,491	13,896	14,313	14,742	15,184
42-00 Transportation	46,950	48,359	49,809	51,304	52,843
43-00 Utility Services	1,117,874	1,173,768	1,232,456	1,294,079	1,358,783
43-02 Lift Stations	118,000	123,900	130,095	136,600	143,430
44-00 Rentals And Leases	102,200	105,266	108,424	111,677	115,027
44-08 Documatch System Lease	15,896	16,373	16,864	17,370	17,891
45-00 Insurance	392,876	422,342	454,017	488,069	524,674
46-00 Repair & Maintenance Svcs	1,486,520	1,560,846	1,638,888	1,720,833	1,806,874
46-02 Computer Devices	10,000	10,300	10,609	10,927	11,255
46-37 Fleet Maint- Labor	46,700	48,101	49,544	51,030	52,561
46-38 Fleet Maint- Parts	35,200	36,256	37,344	38,464	39,618
46-39 Fleet Maint- Other	15,400	15,862	16,338	16,828	17,333
46-40 Repairs/Maint- Info Sys	64,000	67,200	70,560	74,088	77,792
47-00 Printing And Binding	20,900	21,527	22,173	22,838	23,523
48-00 Promotional Activities	82,700	85,181	87,736	90,369	93,080
49-00 Other Charges-Obligations	9,000	9,270	9,548	9,835	10,130
51-00 Office Supplies	9,740	10,032	10,333	10,643	10,962
52-00 Operating Supplies	483,000	519,225	558,167	600,029	645,032
52-02 Odor/Corrosion Control	300,000	322,500	346,688	372,689	400,641
52-04 Trees, Shrubs, & Sod	4,000	4,120	4,244	4,371	4,502
52-25 Safety Shoes Reimbursemnt	3,300	3,399	3,501	3,606	3,714
52-35 Gasoline	77,750	83,581	89,850	96,589	103,833
53-00 Road Materials & Supplies	5,000	5,150	5,305	5,464	5,628
54-00 Books, Pubs, Subs, Member	11,360	11,701	12,052	12,413	12,786
Total Other Operating Expenses	$ 5,727,383	$ 6,011,346	$ 6,310,844	$ 6,626,802	$ 6,960,200
Bond Service Requirement					
Series 2012 Note	$ 2,558,875	$ 2,550,964	$ 2,552,771	$ 2,544,295	$ -
Series 2012 Revenue Bonds	350,158	1,154,156	1,151,706	1,152,181	1,148,506
Cumulative New Debt Service (1)	-	-	-	-	523,479
Total Bond Service Requirements	$ 2,909,033	$ 3,705,120	$ 3,704,477	$ 3,696,476	$ 1,671,985
Non Operating Expenses					
Subordinated Indebtedness	$ 457,498	$ 457,498	$ 457,498	$ 457,498	$ 457,498
Advance from General Fund	502,600	502,600	502,599	502,599	502,600
Administrative Charges Transfer	986,608	1,016,206	1,046,692	1,078,093	1,110,436
Renewal & Replacement Fund Transfer	914,798	944,020	971,054	998,879	1,027,727
Total CIP Funding Sources	$ 2,861,505	$ 2,920,324	$ 2,977,844	$ 3,037,070	$ 3,098,262
Total Annual Cash Outflows	$ 15,421,340	$ 16,722,780	$ 17,244,040	$ 17,777,175	$ 16,312,979

(1) Represents interest only payment based upon $8.7 million par amount, providing $8 million of proceeds for FY 2017 and FY 2018 capital requirements at 30 year term with 6.00% interest rate.

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

		For the Fiscal Year Ended September 30				
		2013	2014	2015	2016	2017
	Water Projects - Series 2012 Bonds					
1	WM Replacement Program	$ 600,000	$ 600,000	$ -	$ -	$ -
2	Fire hydrant replacement program	50,000	50,000	-	-	-
3	Valve addition program	25,000	25,000	-	-	-
4	Service line replacement program	20,000	20,000	-	-	-
5	Second Degassifier	-	119,000	-	-	-
6	RO Membrane Improvements; Phase 1	5,050,000	-	-	-	-
7	Sodium Hypochlorite System	45,000	225,000	-	-	-
8	Dual Stage Air Scrubber	-	100,000	-	-	-
9	RO Plant Building A Roof Replacement	33,000	67,000	-	-	-
10	RO Plant Building B Roof Replacement	33,000	67,000	-	-	-
11	RO Plant Building C Roof Replacement	34,000	66,000	-	-	-
	Water Projects - Capacity Fees					
12	Water supply master plan	$ 100,000	$ -	$ -	$ -	$ -
13	Concentrate Disp Study (Deep Well)	100,000	-	-	-	-
14	New Production Well	200,000	-	-	-	-
15	New 300k gal elev potable storage NE	-	-	400,000	-	-
	Water Projects - Pay as You Go, R&R, Future Financing					
16	WM Replacement Program	$ -	$ -	$ 600,000	$ 600,000	$ 600,000
17	Fire hydrant replacement program	-	-	15,000	15,000	15,000
18	Valve addition program	-	-	25,000	25,000	25,000
19	Service line replacement program	-	-	20,000	20,000	20,000
20	Second Degassifier	-	-	595,000	-	-
21	Dual Stage Air Scrubber	-	-	500,000	-	-
22	Fire hydrant replacement program	92,545	-	-	-	-
23	FDOT US-41 Bypass Segment #1	53,333	250,000	-	-	-
24	FDOT US-41 Bypass Segment #2	53,333	-	250,000	-	-
25	FDOT US-41 Bypass Segment #3	53,333	-	-	-	-
26	Ground Penetrating Radar Equipment	13,000	-	-	-	-
27	Country Club Way Emerg. Int. Upgrade	75,000	-	-	-	-
28	Venice Ave Concentrate Line	-	-	-	200,000	1,500,000
29	Well Replacements	-	-	200,000	200,000	200,000
30	WTP Electrical Improvments	-	-	150,000	150,000	150,000
31	WTP Improvements	-	-	500,000	500,000	500,000
32	Master Plan Water Line Improvements	-	-	750,000	750,000	750,000

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

		For the Fiscal Year Ended September 30				
		2013	2014	2015	2016	2017
	Wastewater Projects - Series 2012 Bonds					
33	EWRF I-75 landscape buffer & irrig	$ 120,000	$ -	$ -	$ -	$ -
34	Force main replacement	647,800	150,000	-	-	-
35	Additional Reclaimed Storage	2,840,000	-	-	-	-
36	Odor Control Headworks	250,000	-	-	-	-
37	2nd FM from island	1,100,000	-	-	-	-
38	2nd FM under I-75	-	135,800	-	-	-
39	Warfield Ave/Venice Ave Line	66,000	-	-	-	-
40	Cadiz/Orlando Line	98,000	-	-	-	-
41	EWRF Aeration System	250,000	1,625,000	-	-	-
42	Reclaimed Water Filtration System	770,000	-	-	-	-
43	Park Blvd sewer replacement Line	55,000	-	-	-	-
44	Alhambra/Castile to Galleon Line	129,000	-	-	-	-
45	Sanitary sewer replacement Line	-	250,000	-	-	-
46	I&I Study and Improvements	2,625,000	-	-	-	-
47	Grit removal system replacement	250,000	1,540,000	-	-	-
	Wastewater Projects - Capacity Fees					
48	Chlorine Contact Chamber Expansion	$ 415,000	$ -	$ -	$ -	$ -
49	Convert old FM to reclaim distrib.	-	100,000	-	-	-
	Wastewater Projects - Pay as You Go, R&R, Future Financing					
50	Force main replacement	$ -	$ -	$ 150,000	$ 150,000	$ 150,000
51	2nd FM under I-75	-	-	407,400	-	-
52	Sanitary sewer replacement Line	-	-	250,000	250,000	250,000
53	Albee Farm Rd FM Upgrade	-	-	284,000	-	-
54	I/I Improvements	-	-	2,400,000	2,400,000	2,400,000
55	Master Lift Station Odor Control Systems	-	-	275,000	275,000	275,000
56	Albee Farm Rd Reclaimed Water Line	-	-	-	567,000	-
57	Bird Bay/Albee Farm Rd Reclaimed Water Line	-	-	-	-	187,000
58	Knights Trail Rd South Reclaimed Water Line	-	-	-	-	310,000
59	Knights Trail Rd North Reclaimed Water Line	-	-	-	-	162,000
60	Rustic Rd Reclaimed Water Line	-	-	-	-	352,000
61	City Parks Reclaimed Water Lines	-	-	150,000	150,000	150,000
62	Manhole Improvments	-	-	500,000	500,000	500,000
63	Master Lift Station Improvments	-	-	250,000	250,000	250,000
64	Eastside WRF Improvements	-	-	500,000	500,000	500,000
65	Lift Station Improvements	-	-	250,000	500,000	500,000
66	Sanitary Sewer Point Replacements	-	-	500,000	500,000	500,000
67	Communications Network Design	81,000	-	-	-	-
68	Communications Network Constr.	-	835,000	-	-	-
69	Improvements prior to paving	-	250,000	-	250,000	-
70	FDOT US-41 Bypass Segment #1	53,333	250,000	-	-	-
71	FDOT US-41 Bypass Segment #2	53,333	-	250,000	-	-
72	FDOT US-41 Bypass Segment #3	53,333	-	-	250,000	-
73	EWRF Plant PLC Repl.	-	-	300,000	-	-
	Total Annual CIP Costs (in Today's $)	$ 16,487,345	$ 6,724,800	$ 10,471,400	$ 9,002,000	$ 10,246,000
	Cumulative Annual Inflation Factor	1.00	1.03	1.06	1.09	1.13
	Total Annual CIP Costs (in Inflation Adjusted $) (1)	$ 16,487,345	$ 6,775,350	$ 11,110,155	$ 9,839,186	$ 11,536,996

(1) Cumulative annual inflation factor does not apply to Series 2012 Bonds funded capital projects.

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Capital Project Funding Summary — Schedule 5

CAPITAL IMPROVEMENT PROGRAM FUNDING SUMMARY

	For the Fiscal Year Ended September 30				
	2013	2014	2015	2016	2017
Water Plant Capacity Fund	$ 400,000	$ -	$ 424,400	$ -	$ -
Sewer Plant Capacity Fund	415,000	103,000	-	-	-
Sarasota County Surcharge Revenue	-	-	-	-	-
Series 2012 Bond Proceeds	15,090,800	5,039,800	-	-	-
Renewal & Replacement Fund	581,545	1,277,273	971,054	998,879	1,027,727
Infrastructure Surtax Phase III Proceeds	-	-	1,057,833	1,057,833	1,057,833
Revenue Fund	-	355,277	8,656,868	7,782,473	6,606,250
Projected Future Financing Proceeds	-	-	-	-	2,845,186
Total CIP Funding	$ 16,487,345	$ 6,775,350	$ 11,110,155	$ 9,839,186	$ 11,536,996

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Funding Summary By Fund — Schedule 6

FUNDING SUMMARY (i.e. SOURCE & USES) BY FUND

	For the Fiscal Year Ended September 30				
	2013	2014	2015	2016	2017
WATER PLANT CAPACITY FUND					
BALANCE AT BEGINNING OF FISCAL YEAR	$ 1,270,223	933,131	960,703	571,912	613,903
ADDITIONAL ANNUAL REVENUES	$ 54,676	18,150	24,200	30,250	60,500
LESS: PAYMENT OF DEBT SERVICE	$ -	-	-	-	-
SUBTOTAL	$ 1,324,899	951,281	984,903	602,162	674,403
LESS: RESTRICTED FUNDS	$ -	-	-	-	-
TOTAL AMOUNT AVAILABLE FOR PROJECTS	$ 1,324,899	951,281	984,903	602,162	674,403
AMOUNT PAID FOR PROJECTS	$ (400,000)	-	(424,400)	-	-
SUBTOTAL	$ 924,899	951,281	560,503	602,162	674,403
ADD BACK: RESTRICTED FUNDS	$ -	-	-	-	-
PLUS: INTEREST EARNINGS	$ 8,232	9,422	11,409	11,741	16,104
LESS: INTEREST ALLOCATED TO CASH FLOW	$ -	-	-	-	-
BALANCE AT END OF FISCAL YEAR	$ 933,131	960,703	571,912	613,903	690,507
SEWER PLANT CAPACITY FUND					
BALANCE AT BEGINNING OF FISCAL YEAR	$ 947,391	584,206	496,734	518,794	546,744
ADDITIONAL ANNUAL REVENUES	$ 46,093	10,150	14,500	17,400	36,250
LESS: PAYMENT OF DEBT SERVICE	$ -	-	-	-	-
SUBTOTAL	$ 993,484	594,356	511,234	536,194	582,994
LESS: RESTRICTED FUNDS	$ -	-	-	-	-
TOTAL AMOUNT AVAILABLE FOR PROJECTS	$ 993,484	594,356	511,234	536,194	582,994
AMOUNT PAID FOR PROJECTS	$ (415,000)	(103,000)	-	-	-
SUBTOTAL	$ 578,484	491,356	511,234	536,194	582,994
ADD BACK: RESTRICTED FUNDS	$ -	-	-	-	-
PLUS: INTEREST EARNINGS	$ 5,722	5,378	7,560	10,550	14,122
LESS: INTEREST ALLOCATED TO CASH FLOW	$ -	-	-	-	-
BALANCE AT END OF FISCAL YEAR	$ 584,206	496,734	518,794	546,744	597,116
SARASOTA COUNTY SURCHARGE REVENUE					
BALANCE AT BEGINNING OF FISCAL YEAR	$ 1,847,144	2,061,844	2,289,592	2,537,810	2,809,403
ADDITIONAL ANNUAL REVENUES	$ 200,096	206,099	212,282	218,651	225,210
LESS: RESTRICTED FUNDS	$ -	-	-	-	-
TOTAL AMOUNT AVAILABLE FOR PROJECTS	$ 2,047,240	2,267,943	2,501,874	2,756,460	3,034,613
AMOUNT PAID FOR PROJECTS	$ -	-	-	-	-
SUBTOTAL	$ 2,047,240	2,267,943	2,501,874	2,756,460	3,034,613
ADD BACK: RESTRICTED FUNDS	$ -	-	-	-	-
PLUS: INTEREST EARNINGS	$ 14,604	21,649	35,936	52,943	73,050
LESS: INTEREST ALLOCATED TO CASH FLOW	$ -	-	-	-	-
BALANCE AT END OF FISCAL YEAR	$ 2,061,844	2,289,592	2,537,810	2,809,403	3,107,663

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Funding Summary By Fund — Schedule 6

FUNDING SUMMARY (i.e. SOURCE & USES) BY FUND

	For the Fiscal Year Ended September 30				
	2013	2014	2015	2016	2017
SERIES 2012 BOND PROCEEDS					
BALANCE AT BEGINNING OF FISCAL YEAR	$ -	5,039,800	-	-	-
ADDITIONAL ANNUAL REVENUES	$ 20,130,600	-	-	-	-
LESS: RESTRICTED FUNDS	$ -	-	-	-	-
TOTAL AMOUNT AVAILABLE FOR PROJECTS	$ 20,130,600	5,039,800	-	-	-
AMOUNT PAID FOR PROJECTS	$ (15,090,800)	(5,039,800)	-	-	-
SUBTOTAL	$ 5,039,800	-	-	-	-
ADD BACK: RESTRICTED FUNDS	$ -	-	-	-	-
PLUS: INTEREST EARNINGS	$ 18,899	25,199	-	-	-
LESS: INTEREST ALLOCATED TO CASH FLOW	$ (18,899)	(25,199)	-	-	-
BALANCE AT END OF FISCAL YEAR	$ 5,039,800	-	-	-	-
RENEWAL & REPLACEMENT					
BALANCE AT BEGINNING OF FISCAL YEAR	$ 1,000,000	1,333,253	1,000,000	1,000,000	1,000,000
ADDITIONAL ANNUAL REVENUES	$ 914,798	944,020	971,054	998,879	1,027,727
LESS: RESTRICTED FUNDS	$ (1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
TOTAL AMOUNT AVAILABLE FOR PROJECTS	$ 914,798	1,277,273	971,054	998,879	1,027,727
AMOUNT PAID FOR PROJECTS	$ (581,545)	(1,277,273)	(971,054)	(998,879)	(1,027,727)
SUBTOTAL	$ 333,253	-	-	-	-
ADD BACK: RESTRICTED FUNDS	$ 1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PLUS: INTEREST EARNINGS	$ 8,750	11,666	15,000	20,000	25,000
LESS: INTEREST ALLOCATED TO CASH FLOW	$ (8,750)	(11,666)	(15,000)	(20,000)	(25,000)
BALANCE AT END OF FISCAL YEAR	$ 1,333,253	1,000,000	1,000,000	1,000,000	1,000,000
INFRASTRUCTURE SURTAX PHASE III					
BALANCE AT BEGINNING OF FISCAL YEAR	$ -	-	-	-	-
ADDITIONAL ANNUAL REVENUES	$ -	-	1,057,833	1,057,833	1,057,833
LESS: RESTRICTED FUNDS	$ -	-	-	-	-
TOTAL AMOUNT AVAILABLE FOR PROJECTS	$ -	-	1,057,833	1,057,833	1,057,833
AMOUNT PAID FOR PROJECTS	$ -	-	(1,057,833)	(1,057,833)	(1,057,833)
SUBTOTAL	$ -	-	-	-	-
ADD BACK: RESTRICTED FUNDS	$ -	-	-	-	-
PLUS: INTEREST EARNINGS	$ -	-	-	-	-
LESS: INTEREST ALLOCATED TO CASH FLOW	$ -	-	-	-	-
BALANCE AT END OF FISCAL YEAR	$ -	-	-	-	-

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Funding Summary By Fund — Schedule 6

FUNDING SUMMARY (i.e. SOURCE & USES) BY FUND

	For the Fiscal Year Ended September 30				
	2013	2014	2015	2016	2017
REVENUE FUND					
BALANCE AT BEGINNING OF FISCAL YEAR	$ 9,880,640	13,457,046	15,987,068	10,280,107	5,458,203
ADDITIONAL ANNUAL REVENUES	$ 3,576,406	2,885,299	2,949,907	2,960,569	4,995,624
LESS: PAYMENT OF DEBT SERVICE	$ -	-	-	-	-
SUBTOTAL	$ 13,457,046	16,342,344	18,936,975	13,240,676	10,453,827
LESS: RESTRICTED FUNDS	$ (3,216,934)	(3,365,778)	(3,520,573)	(3,681,210)	(3,847,577)
TOTAL AMOUNT AVAILABLE FOR PROJECTS	$ 10,240,112	12,976,566	15,416,402	9,559,467	6,606,250
AMOUNT PAID FOR PROJECTS	$ -	(355,277)	(8,656,868)	(7,782,473)	(6,606,250)
SUBTOTAL	$ 10,240,112	12,621,289	6,759,534	1,776,993	-
ADD BACK: RESTRICTED FUNDS	$ 3,216,934	3,365,778	3,520,573	3,681,210	3,847,577
PLUS: INTEREST EARNINGS	$ 87,516	147,221	197,004	157,383	116,322
LESS: INTEREST ALLOCATED TO CASH FLOW	$ (87,516)	(147,221)	(197,004)	(157,383)	(116,322)
BALANCE AT END OF FISCAL YEAR	$ 13,457,046	15,987,068	10,280,107	5,458,203	3,847,577
DEBT SERVICE RESERVE					
BALANCE AT BEGINNING OF FISCAL YEAR	$ 290,548	290,548	290,548	290,548	290,548
ADDITIONAL FUNDS:					
DEBT SERVICE RESERVE ON NEW DEBT	$ -	-	-	-	633,836
OTHER ADDITIONAL FUNDS	$ -	-	-	-	-
SUBTOTAL	$ 290,548	290,548	290,548	290,548	924,384
PLUS: INTEREST EARNINGS	$ 2,179	2,905	4,358	5,811	15,187
LESS: INTEREST ALLOCATED TO CASH FLOW	$ (2,179)	(2,905)	(4,358)	(5,811)	(15,187)
BALANCE AT END OF FISCAL YEAR	$ 290,548	290,548	290,548	290,548	924,384

ARTICLE I. - IN GENERAL [47]

(47) **Editor's note—** Ord. No. 2010-05, § 1, adopted June 22, 2010, amended art. I in its entirety to read as herein set out. Former art. I, §§ 74-1—7-17, pertained to similar subject matter and derived from: Code 1982, §§ 19-1—19-19, 19-24, 19-26; Ord. No. 98-44, §§ 1, 2, adopted Dec. 8, 1998; Ord. No. 2004-17, §§ 1, 2, adopted Apr. 13, 2004; Ord. No. 2005-18, § 1, adopted Mar. 22, 2005; Ord. No. 2005-50, § 1, adopted Dec. 13, 2005; and Ord. No. 2007-28, §§ 1, 2, adopted June 12, 2007.

Sec. 74-1. - Components of city utility system.
Sec. 74-2. - Availability of water and sewer service; connection to city system.
Sec. 74-3. - Unlawful connections or use; use of system mandatory after connection.
Sec. 74-4. - Potable water, irrigation water, reclaimed water and wastewater tap fees.
Sec. 74-5. - Water meter required; bypass connections; free service.
Sec. 74-6. - Application for service; number of water meters.
Sec. 74-7. - Discontinuance of water service at customer's request.
Sec. 74-8. - Discontinuance or reinstatement of service.
Sec. 74-9. - Deposits.
Sec. 74-10. - Water, sewer and reclaimed water rates.
Sec. 74-11. - Sewer rate for premises not connected to city water system.
Sec. 74-12. - Bills for water and sewer charges; appeal of disputed charges; delinquent accounts.
Sec. 74-13. - Lien for unpaid charges; liability for charges.
Sec. 74-14. - Tests of water meters; inaccurate meters.
Sec. 74-15. - Water and wastewater service outside city limits.
Sec. 74-16. - Utility easements.
Sec. 74-17. - Protection of underground lines during excavation.
Secs. 74-18—74-40. - Reserved.

Sec. 74-1. - Components of city utility system.

The city utility system shall be composed of the city water, sewer and reclaimed water systems. For clarification in this chapter, the term:

(1) *City water* shall have the same meaning as water, potable water, and drinking water, each interchangeable with the other.

(2) *Irrigation water* shall mean city water utilized solely for irrigation purposes.

(3) *Sewer* shall have the same meaning as wastewater, each interchangeable with the other.

(4) *Reclaimed water* shall have the same meaning as reuse water, each interchangeable with the other.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2010-14, § 1, 10-12-10)

Sec. 74-2. - Availability of water and sewer service; connection to city system.

(a) *Water service availability.* Water service shall be considered available when city water lines exist in a public right-of-way or easement which abuts the property or is within 100 feet of the property.

(b) *Wastewater service availability.* A sewerage system shall be considered available when city water lines exist in a public right-of-way or easement which abuts the property or is within 100 feet of the property, and if gravity flow can be maintained from the building drain to the sewer line.

(c) *Connection required.* It shall be the responsibility of the owner of every lot or parcel of land within the city to connect or cause the plumbing for the water supply and sewerage of any building or facilities thereon to be connected with the city utility system within 365 days of notice that service is available. The city council may, for good cause, extend the 365-day requirement for a particular lot or parcel. If the owner fails, neglects or refuses to connect within the stated 365-day period and any extensions granted by the council, the city shall be authorized to obtain equitable or legal relief from a court of competent jurisdiction to require connection. If the city prevails in the proceedings, the city shall be entitled to recover court costs and a reasonable attorney's fee for trial and appellate services. All connections to the city's utility system will require a permit, work order and inspection by the city.

(d) *Replacement of mains.* When an old main is abandoned and replaced with a new main, previously connected owners shall connect to the new main within 60 days of notification at no cost to the owner.

(Ord. No. 2010-05, § 1, 6-22-10)

Sec. 74-3. - Unlawful connections or use; use of system mandatory after connection.

No connections to, or use of, the city utility system shall be made or permitted except with the written application and consent of the city, under the direction and supervision of the city, and in accordance with the laws, rules and regulations established by the city. Any property owner, lessee or plumber who shall make any connection or use the utility system without such consent of the city or in violation of any city laws, rules or regulations shall be responsible to the city for any damages caused thereby and all fees and charges that would have been due if the connection or use had been legal. All buildings and facilities connected to the utility system must use the utility system.

(Ord. No. 2010-05, § 1, 6-22-10)

Sec. 74-4. - Potable water, irrigation water, reclaimed water and wastewater tap fees.

(a) A nonrefundable tap fee shall be paid to the city prior to connection to the city water; wastewater or reclaimed water lines. The tap fee shall be as reflected in Table A.

TABLE A

Potable, Irrigation and Reclaimed Water Short Service

Meter Size (inches)	04/01/2012	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
? × ¾	$416.64	$429.13	$442.01	$455.27	$468.93	$482.99	$497.48
1	$573.64	$590.85	$608.57	$626.83	$645.63	$665.00	$684.95
1 ½	$933.57	$961.58	$990.43	$1,020.14	$1,050.74	$1,082.27	$1,114.73
2	$1,119.16	$1,152.73	$1,187.31	$1,222.93	$1,259.62	$1,297.41	$1,336.33
3 and larger							

A written estimate of costs will be provided by the utilities department which is to be paid in advance.

Potable, Irrigation and Reclaimed Water Long Service

Meter Size (inches)	04/01/2011	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
? × ¾	$697.37	$718.29	$739.84	$762.04	$784.90	$808.45	$832.70
1	$866.09	$892.07	$918.83	$946.40	$974.79	$1,004.03	$1,034.15
1 ½	$1,237.27	$1,274.38	$1,312.62	$1,351.99	$1,392.55	$1,434.33	$1,477.36
2	$1,405.98	$1,448.16	$1,491.61	$1,536.35	$1,582.44	$1,629.92	$1,678.81
3 and larger							

A written estimate of costs will be provided by the utilities department which is to be paid in advance.

Other

Hydrant Meter	$112.48	$115.85	$119.33	$122.91	$126.59	$130.39	$134.30
Sewer Service*	$65.48	$67.44	$69.46	$71.55	$73.70	$75.91	$78.18

* The amount indicated, or the actual cost of materials, labor, and equipment, whichever is larger. A written estimate of costs will be provided by the utilities department which is to be paid in advance.

(b) Potable water, irrigation water, and reclaimed water service tap fees are designated by a short service or long service tap. Generally, a short service is one where the service location is on the same side of the street as the water main to be tapped in order to provide the service, and a long service is where the water main is not on the same side of the street. It is recognized that site conditions may vary, and may include accessibility, constructability, labor or material requirements, or other conditions that may pose tap construction challenges in excess of those incurred for typical short services. The utilities department makes this determination based upon actual site conditions.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2010-14, § 1, 10-12-10; Ord. No. 2012-08, § 1, 3-27-12)

Sec. 74-5. - Water meter required; bypass connections; free service.

All city water on any premises where a meter is installed must pass through the meter. Bypass connections around the meter on larger size services shall be made only as directed by the director of utilities. Customers will be held responsible and charged for all water passing through their meters. There shall be no free utility service.

(Ord. No. 2010-05, § 1, 6-22-10)

Sec. 74-6. - Application for service; number of water meters.

Prior to the receipt of utility service, the customer shall file in writing an application with the city showing thereon the applicant's legal identity, the billing address, the owner of the premises, the legal description of the premises to be serviced and the size of the meter desired. The applicant shall make a deposit of money as a guarantee of payment, in accordance with the schedule prescribed under section 74-9, for each meter to be installed for each house or principal building, with its adjacent accessories, to be supplied with water. Not more than one such house or principal building with its adjacent accessories, located upon the same premises, shall be furnished with water from the same meter; except that this provision is not meant to apply to motels and hotels, condominiums or other group housing composed of two or more separate living units under one ownership and deemed to be a single premises.

(Ord. No. 2010-05, § 1, 6-22-10)

Sec. 74-7. - Discontinuance of water service at customer's request.

Applications for water service and all notices to discontinue water service must be made in writing to the city finance department. The city shall have three days from the date the discontinuance notice is received to read the meter and turn off the service. The customer shall be responsible for all water consumed as shown by the meter until final reading. When the customer shall request discontinuance of service, the meter shall be read and a bill rendered as for a full month. Readiness for service charges will continue to be assessed on the utility account until such time as property ownership changes by legal instrument or tenant occupancy is terminated.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2012-08, § 1, 3-27-12)

Sec. 74-8. - Discontinuance or reinstatement of service.

(a) *After termination for cause.* Where service has been discontinued for cause, the customer shall be assessed a charge of $70.00 for discontinuance and reinstatement of service during regular working hours and $162.00 for discontinuance and reinstatement of service after regular working hours, together with all unpaid past due accounts for service, penalties and expenses related to the collection of such accounts, including reasonable attorney's fees.

(b) *Tenant termination for cause.* Upon discontinuance of service of a tenant for cause the account shall revert to the property owner effective on the date of termination. The meter shall be read and a bill rendered for which the tenant security deposit shall be applied. All new charges, fees and penalties will be the responsibility of the property owner.

(c) *Temporary seasonal/vacation discontinuance.* Each customer shall be entitled to one turn-off and one turn-on per calendar year. Requests for turn-off and turn-on must be made to the city in writing at least three days in advance. All additional turn-off and turn-on requests made during normal business hours shall be subject to a $35.00 fee for each and a fee of $162.00 shall be assessed for service requested after normal business hours.

(d) *Temporary reinstatement and discontinuance.* A charge of $70.00 shall be paid prior to the temporary reinstatement of service and subsequent timely discontinuance of service for the purpose of conducting or performing short-duration events or services to otherwise unoccupied service locations. Examples include inspections, repairs, or other activities meeting the intent of this section as approved by the city.

(e) *Emergency repairs.* No charge will be levied for discontinuance and reinstatement of service necessary to conduct emergency repairs to the customer's plumbing.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2010-14, § 1, 10-12-10; Ord. No. 2012-08, § 1, 3-27-12)

Sec. 74-9. - Deposits.

(a) *Required; amount.* Before rendering service, the city shall require from the customer a deposit to secure payment of bills. The amount of such deposit for residential customers shall be according to the following Table B, or such larger amount as the finance director determines is necessary to provide adequate security considering individual circumstances. Such deposits may be held by the city until final settlement of the customer's account. The city may require an additional deposit from a customer, based on the customer's payment record. The deposit for commercial customers shall be three times the average monthly bill, and may initially be estimated based upon prior bills at the same location.

TABLE B For Residential Only

Meter Size (inches)	Residential Customer
? × ¾	$125.00
1	$315.00
1½	$625.00
2	$1,000.00
3	$2,000.00
4	$2,500.00
6	$3,125.00
8	$10,000.00
Fire Hydrant	$800.00

(b) *Alternative deposits.* The following alternatives to the standard deposits described in the preceding section are also available:

(1) A letter of good credit standing from a comparable utility company with which the customer has previously received service. The letter must cover a credit history no older than one year from the initiation date of service with the city, must show timeliness of payments over the no less than a 12-month continuous period of time, and must be in reference to the same person initiating utility service with the city.

(2) An irrevocable letter of credit.

(3) A surety bond.

(c) *Refunds.* After a customer whose property is situated within the city limits has established a satisfactory record and has had continuous service for a period of not less than 12 months, city will credit the deposit to the customer's account, provided the customer has not in the preceding six months:

(1) Paid with a check refused by a bank;

(2) Been disconnected for nonpayment;

(3) Tampered with the water meter; or

(4) Used service in a fraudulent or unauthorized manner.

Guaranty deposit refunds to eligible customers will be made at the next billing cycle after qualification. The deposit shall be credited to the customer's account, unless a direct refund is requested by the customer and received in writing at least 30 days prior to the due date of the deposit credit.

No deposits shall be directly refunded once they have been applied to the account.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2010-14, § 1, 10-12-10; Ord. No. 2012-08, § 1, 3-27-12)

Sec. 74-10. - Water, sewer and reclaimed water rates.

(a) *Schedule of charges.* There is hereby established the following schedule of charges for the use, or reasonable availability for use, of the services of the city water and wastewater system. The monthly readiness for service charge is for the reasonable availability for the use of the system and shall be due regardless of whether the system is actually used.

(1) *Water service.*

a. *Monthly readiness for service charge.*

TABLE C

Residential	04/01/2012	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
Single-family residential	$16.74	$17.24	$17.76	$18.29	$18.84	$19.41	$19.99
Master-metered multifamily (charge per unit, including condominium, apartment or manufactured home)	$14.35	$14.78	$15.22	$15.68	$16.15	$16.64	$17.13
Nonresidential and all irrigation meters							
Meter size (inches)							
? × ¾	$16.74	$17.24	$17.76	$18.29	$18.84	$19.41	$19.99
1	$41.85	$43.11	$44.40	$45.73	$47.10	$48.52	$49.97
1 ½	$83.70	$86.21	$88.80	$91.46	$94.21	$97.03	$99.94
2	$133.92	$137.94	$142.08	$146.34	$150.73	$155.25	$159.91
3	$267.84	$275.88	$284.15	$292.68	$301.46	$310.50	$319.81
4	$418.50	$431.06	$443.99	$457.31	$471.03	$485.16	$499.71
6	$837.00	$862.11	$887.97	$914.61	$942.05	$970.31	$999.42
8	$1,339.20	$1,379.38	$1,420.76	$1,463.38	$1,507.28	$1,552.50	$1,599.07
Hospital	$4,720.68	$4,862.30	$5,008.17	$5,158.41	$5,313.17	$5,472.56	$5,636.74

b. *Monthly consumption charge (dollars per 1,000 gallons), residential potable water.*

TABLE D

Usage (gallons)	04/01/12	10/1/2012	10/1/2013	10/1/2014	10/1/2015	10/1/2016	10/1/2017
0 to 2,000	$3.93	$4.05	$4.17	$4.29	$4.42	$4.56	$4.69
2,001 to 5,000	$6.04	$6.22	$6.41	$6.60	$6.80	$7.00	$7.21
5,001 to 10,000	$7.55	$7.78	$8.01	$8.25	$8.50	$8.75	$9.02
> 10,000	$9.44	$9.72	$10.01	$10.32	$10.62	$10.94	$11.27

c. *Monthly consumption charge (dollars per 1,000 gallons), for nonresidential potable water.*

TABLE E

Usage (gallons)	04/01/2012	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
All	$5.23	$5.39	$5.55	$5.71	$5.89	$6.06	$6.24

d. Monthly consumption charge (dollars per 1,000 gallons), for all irrigation water.

TABLE F

All Customers

	First Block	Second Block	Third Block
Meter Size (inches)	Usage Range (gallons)	Usage Range (gallons)	Usage Range (gallons)
? × ¾	0—5,000	5,001—10,000	over 10,000
1	0—13,000	13,001—25,000	over 25,000
1½	0—25,000	25,001—50,000	over 50,000
2	0—40,000	40,001—80,000	over 80,000
3	0—80,000	80,001—160,000	over 160,000
4	0—125,000	125,001—250,000	over 250,000
6	0—250,000	250,001—500,000	over 500,000
8	0—400,000	400,001—800,000	over 800,000
Rate per 1,000 gallons	$6.04	$7.55	$9.04

e. Monthly water billing charge for customers of potable water, irrigation water, or both.

TABLE G

Customer Category	04/01/12	10/1/2012	10/1/2013	10/1/2014	10/1/2015	10/1/2016	10/1/2017
All	$1.41	$1.45	$1.50	$1.54	$1.59	$1.63	$1.68

(2) *Sewer service.*

a. *Monthly readiness for service charge.*

TABLE H

Residential	04/01/2012	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
Single-family residential	$19.16	$19.73	$20.33	$20.94	$21.56	$22.21	$22.88
Master-metered multifamily (charge per unit, including condominium, apartment or manufactured home)	$16.43	$16.92	$17.43	$17.95	$18.49	$19.05	$19.62
Nonresidential							
Meter Size (inches)							
? × ¾	$19.16	$19.73	$20.33	$20.94	$21.56	$22.21	$22.88
1	$47.90	$49.34	$50.82	$52.34	$53.91	$55.53	$57.20
1 ½	$95.80	$98.67	$101.63	$104.68	$107.82	$111.06	$114.39
2	$153.28	$157.88	$162.61	$167.49	$172.52	$177.69	$183.02
3	$306.56	$315.76	$325.23	$334.99	$345.04	$355.39	$366.05
4	$479.00	$493.37	$508.17	$523.42	$539.12	$555.29	$571.95
6	$958.00	$986.74	$1,016.34	$1,046.83	$1,078.24	$1,110.58	$1,143.90
8	$1,532.80	$1,578.78	$1,626.15	$1,674.93	$1,725.18	$1,776.94	$1,830.24
Hospital	$6,456.92	$6,650.63	$6,850.15	$7,055.65	$7,267.32	$7,485.34	$7,709.90

b. *Monthly consumption charge (dollars per 1,000 gallons), all users.*

TABLE I

Usage (gallons)	04/01/2012	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
All	$6.19	$6.38	$6.57	$6.76	$6.97	$7.18	$7.39

c. *Wholesale sanitary sewer rate for bulk users (dollars per 1,000 gallons).*

TABLE J

Usage (gallons)	04/01/2012	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
All	$5.14	$5.29	$5.45	$5.62	$5.78	$5.96	$6.14

d. *Monthly wastewater billing charge for wastewater customers.*

TABLE K

Customer Category	04/01/12	10/1/2012	10/1/2013	10/1/2014	10/1/2015	10/1/2016	10/1/2017
All	$1.41	$1.45	$1.50	$1.54	$1.59	$1.63	$1.68

(3) *Reclaimed water service.*

a. *Monthly consumption charge (dollars per 1,000 gallons).*

TABLE L

Type of Service	04/01/2012	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
High Pressure							
First Block	$0.88	$0.91	$0.94	$0.96	$0.99	$1.02	$1.05
Second Block	$1.16	$1.19	$1.23	$1.27	$1.30	$1.34	$1.38
Low Pressure							
All	$0.082	$0.085	$0.087	$0.090	$0.093	$0.096	$0.098

b. *Consumption blocks by meter size.*

TABLE M

Meter Size (inches)	First Block	Second Block
? × ¾	0 to 12,000 gallons	over 12,000 gallons
1	0 to 30,000 gallons	over 30,000 gallons
1½	0 to 60,000 gallons	over 60,000 gallons
2	0 to 96,000 gallons	over 96,000 gallons
3	0 to 192,000 gallons	over 192,000 gallons
4	0 to 300,000 gallons	over 300,000 gallons
6	0 to 600,000 gallons	over 600,000 gallons
8	0 to 960,000 gallons	over 960,000 gallons

(b) *Rereading charge.* A fee of $5.00 for all rereads will be levied on the monthly utility bill if the monthly reread verifies the original reading was accurate.

(c) *Review and adjustment of wastewater rates.* The wastewater service rates set forth in this section shall be reviewed annually and adjusted as necessary to maintain compliance with state and federal regulatory requirements governing wastewater user charges.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2010-14, § 2, 10-12-10; Ord. No. 2012-08, § 1, 3-27-12)

Sec. 74-11. - Sewer rate for premises not connected to city water system.

The following charges and rates for wastewater service are hereby imposed when buildings are not connected to the city potable water system or other satisfactorily measureable source of water:

(1) *Monthly consumption charge.*

TABLE N

Residential	04/01/2012	10/01/2012	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017
Single-family residential	$39.14	$40.31	$41.52	$42.77	$44.05	$45.37	$46.74
Master-metered multifamily (charge per unit, including condominium, apartment or manufactured home)	$36.41	$37.50	$38.63	$39.79	$40.98	$42.21	$43.48
Nonresidential	Determined by the City on a case-by-case basis.						

(2) *Wastewater deferred revenue charge.* A charges of $600.00 is to be paid at the time a building permit is issued and is in addition to plant capacity fees.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2010-14, § 2, 10-12-10; Ord. No. 2012-08, § 1, 3-27-12)

Sec. 74-12. - Bills for water and sewer charges; appeal of disputed charges; delinquent accounts.

(a) *Billing.* All water and wastewater bills and notices shall be delivered to the customer by mail and shall be for such period of service as shall be determined by the city finance department. The bill shall notify the customer of the right to appeal a disputed charge, provided that the appeal is filed in writing with the director of finance no later than the due date stated on the bill. The failure to file a written appeal within the time provided shall constitute a waiver of the right to contest the bill.

(b) *Appeal of disputed charges.* The city finance director or his designee shall have the authority to hear appeals and make decisions concerning any disputed charges. Upon the receipt of a timely written appeal, the finance director shall promptly notify the customer of the time and place of the hearing. The discontinuance of service or imposition of a penalty shall be suspended pending the decision on the appeal. The hearing shall be informal, and the customer shall be afforded an opportunity to dispute the charges claimed due. The finance director or his designee shall render a written decision within a reasonable time following the hearing. The decision of the finance director or his designee shall be final.

(c) *Delinquent accounts.* Water and wastewater accounts shall be delinquent unless payment is received on or before the due date stated on the bill. The fact that a customer does not receive a bill shall not relieve such customer of the obligation of timely payment for services or the penalties assessed for failure to pay within the time required. A payment is not considered received until a remittance has been recorded in the utility accounts receivable system. Consistent with applicable city policy, notice of such delinquency shall be mailed or delivered to the customer, and a late penalty of ten percent of the bill shall be imposed. The notice shall state that the service will be discontinued if the delinquent account and all penalties are not paid in full by the date and time stated on the face of the notice. The finance director or his designee, at his sole discretion, may waive the late penalty upon a showing by the customer of a reasonable justification for the late payment. The decision of the finance director or his designee shall be final.

(d) *Discontinuance of service and removal of meter.* Consistent with applicable city policy, upon the failure of the customer to pay the sums due by the date specified in the delinquency notice, the city shall, without further notice, discontinue the service. If the amount of the total bill exceeds the amount of the customer's guaranty deposit, the city may remove the meter.

(e) *One-time waiver.* A customer is entitled to a one-time waiver of rates, fees and charges associated with high consumption or service discontinuance for cause over the lifetime of the customer account. The customer shall provide a timely written notification to the finance director of their desire to exercise this one-time waiver option.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2010-14, § 2, 10-12-10; Ord. No. 2012-08, § 1, 3-27-12)

Sec. 74-13. - Lien for unpaid charges; liability for charges.

(a) *Lien when customer is owner of property.* In addition to any other remedy provided in this chapter, when the customer is the owner of the property, the city shall have a lien against the property serviced for all unpaid fees and charges. The lien shall be coequal with the lien of all county and municipal taxes, superior in dignity to all other liens, titles and claims, until paid. The city shall be entitled to recover costs and a reasonable attorney's fee incurred in foreclosing any such lien. No change of occupancy or ownership shall affect the lien.

(b) *Lien when customer is tenant.* When the customer is a tenant, the city shall have a lien against the leasehold interest and the tenant's personal property on the premises for all unpaid fees and charges. The lien shall be coequal with the lien of all county and municipal taxes, superior in dignity to all other liens, titles and claims, until paid. The city shall be entitled to recover costs and a reasonable attorney's fee incurred in foreclosing any such lien. The city shall not impose a lien against the rental property for any unpaid utility charges incurred by a former occupant except to the extent that the present tenant or owner directly benefited from the services provided to the former occupant. The owner of a rental unit shall be responsible for all fees and charges for the rental property until such time as the tenant applies for service and tenders the required deposit. Any charges prior to the current tenant's application and deposit and subsequent to the former tenant's termination shall be the responsibility of the owner. The city shall have a lien against the property serviced for all unpaid fees and charges during the period of the owner's responsibility as stated in subsection (a) of this section.

(c) *Liability for charges; civil actions.* The customer applying for utility service shall be personally liable to the city for the payment of all fees and charges. In addition to all other remedies, the city shall have the authority to recover from the customer in a civil legal action all unpaid fees, charges and penalties and the costs and a reasonable attorney's fee incurred in any such action.

(d) An administrative fee of $125.00 shall be charged to the customer whenever the city records a lien against the property serviced for unpaid utility rates, fees and charges.

(e) An administrative fee of $100.00 per property shall be charged to anyone requesting a lien search for unpaid utility rates, fees and charges.

(Ord. No. 2010-05, § 1, 6-22-10)

Sec. 74-14. - Tests of water meters; inaccurate meters.

(a) Any customer may demand that the meter through which water is being furnished be examined and tested by the city for the purpose of ascertaining whether it is registering correctly the amount of water which is being delivered through it. Such demand shall be made in writing to the finance department and the account will be assessed $35.00 due with the next billing statement. Upon receipt of such demand, it shall be the duty of the finance department to cause the meter to be examined and tested for the purpose of ascertaining whether it is registering correctly the water being delivered through it.

(b) If, on such examination and test, the meter shall be found to register over three percent more water than actually passes through it, another meter will be substituted therefore, the fee of $35.00 shall be

adjusted from the account with the next billing statement, and the water bill for the current period shall be adjusted in such a manner as the finance director may deem fair and just. If the meter is found to register less than, or equal to, three percent more water than actually passes through it, the $35.00 charge shall be forfeited to the city and the water bill paid as rendered.

(c) If a meter fails to register during any period or is known to register inaccurately, the consumer shall be charged with an average historical daily consumption for the period in question.

(Ord. No. 2010-05, § 1, 6-22-10; Ord. No. 2012-08, § 1, 3-27-12)

Sec. 74-15. - Water and wastewater service outside city limits.

(a) *New connections.* The city policy is not to allow new connections to the water and wastewater system unless the property to be connected is within the city limits. However, where the water and wastewater service is physically available (within 100 feet) to property outside the city limits which cannot be annexed because the property is presently not physically contiguous to the city limits, connection will be permitted upon the condition that the property owner sign an agreement to petition the city to annex the property at such time as the property does become physically contiguous to the city limits or otherwise available for annexation.

(b) *Fee surcharge.* All rates, fees and charges for water and wastewater service, including tap fees, extension fees and plant capacity charges, shall carry a surcharge of 25 percent of the prevailing rate for like charges to similar customers within the city. The surcharge provided for in this section for tap fees, extension fees and plant capacity charges shall be waived if the property owner signs an agreement to annex as provided for in subsection (a) of this section.

(Ord. No. 2010-05, § 1, 6-22-10)

Sec. 74-16. - Utility easements.

No utility facilities will be installed and accepted by the city for maintenance unless in a dedicated public right-of-way or dedicated public easement. Any new easement shall be adequately sized to accommodate construction and maintenance of any utility system component. No obstruction of any kind shall be planted, built or otherwise created within the limits of the easement or right-of-way without the written permission of the director of utilities. The city shall not be responsible for damage to or replacement of any planting, structures or appurtenances placed on dedicated utility easements.

(Ord. No. 2010-05, § 1, 6-22-10)

Sec. 74-17. - Protection of underground lines during excavation.

No excavator shall make or begin any excavation on public or private property within the rights-of-way and/or easements without first obtaining information concerning the possible location of underground utility lines in the area of proposed excavation. Each excavator shall notify the city utilities department by telephone or in writing at least 48 hours prior to any excavation.

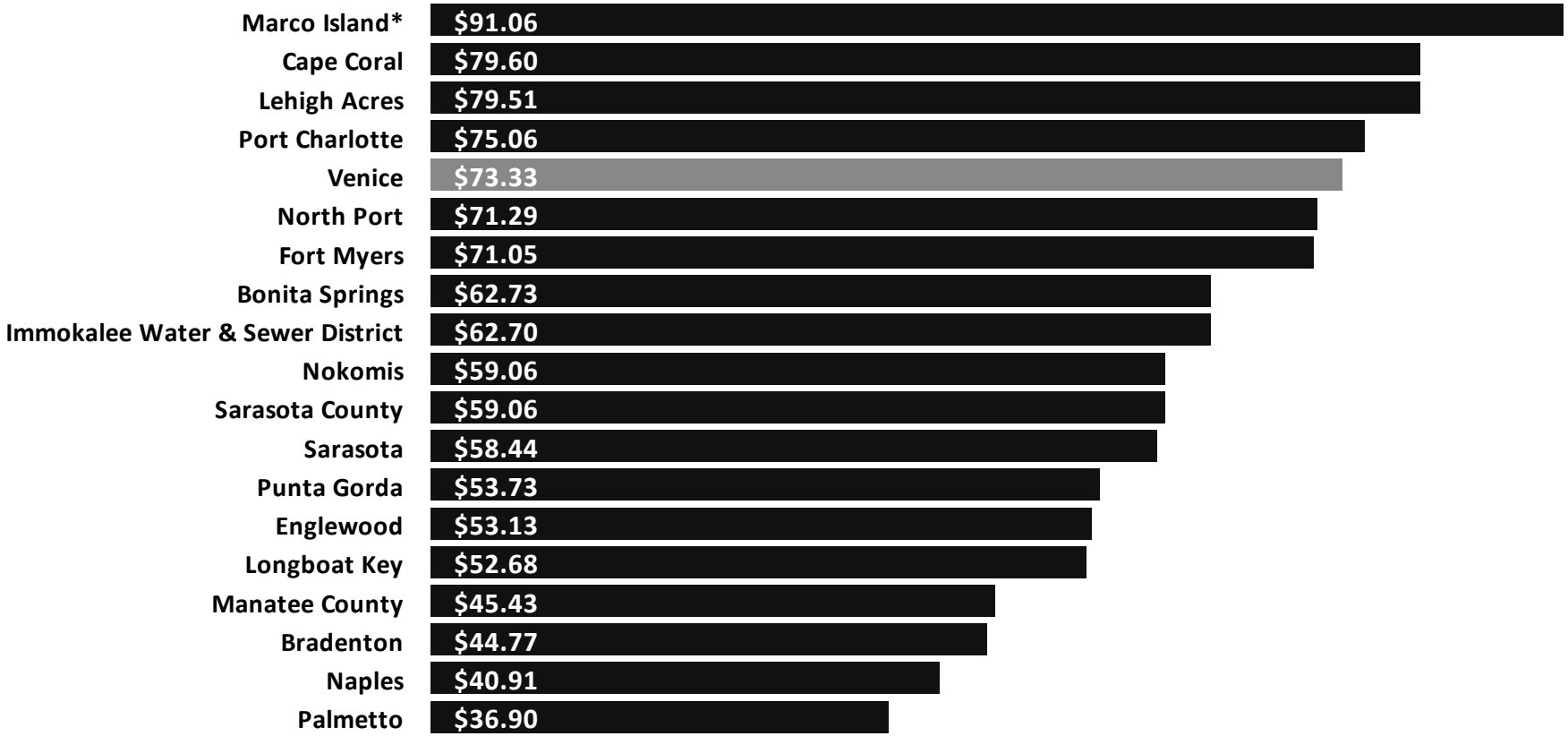
(Ord. No. 2010-05, § 1, 6-22-10)

Secs. 74-18—74-40. - Reserved.

City of Venice, Florida
Utility System Revenue Bonds, Series 2012

Schedule 8 **Fiscal Year 2013 Rate Survey**

Combined Water & Sewer Bill Survey at 3,000 Gallons per Month



Survey reflects rates in effect for FY 2013 as of October 1, 2012, with the exception of Marco Island which reflects approved rates that will be effective 12/28/2012

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CITY OF VENICE, FLORIDA • UTILITY SYSTEM REVENUE BONDS, SERIES 2012

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